

# Capacity Crunch: EU Mobility Package, Compounded Driver Shortages & Wage Hikes

Finished vehicle logistics players are hit by new laws while labour shortage continues compounded by Covid & War, despite rising wages



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# EU Mobility Package

What the NEW rules mean for FVL

# Main Takeaways

Updated EU Mobility Package' 22 Clarifies:

- **Harmonization of Salary:** this depends on the 'host' Member State and the 'home' Member State, and whether cabotage is carried out.
- **Rule of Return:** The driver and the vehicle must return to the 'home' Member State within 8 weeks.
- **Rules on Cabotage:** Stricter rules limiting to 3 cabotage operations and 4 day cooling off period.
- **Rest Rules:** Every 2 weeks the driver must have 'rest times' outside the cab of the vehicle, of at least 45 hours.

July 2020 – Mobility Package adopted by EU

August 2020 – Rules on driving and rest times implemented

February 2, 2022 – Rules on posting of drivers, manual registration at border crossings implemented

February 21, 2022 – Rules on cabotage implemented



# Rule on Return of Vehicle

Applicable from 21 February 2022



- Vehicles used in international carriage must return to operational centers in that Member State within **eight weeks of leaving it.**
  - Amendment to EC Regulation Nos: 1071/2009, Article 5 (1)(b)
- Rule applicable to:
  - motor vehicles used for international carriage of goods for hire or reward that leave the Member State of establishment.
  - Motor vehicles for the carrying of more than 9 persons, including driver, when used for international carriage of passengers in return for payment
- Regulation does not specify length of time vehicle should return to original Member State for; therefore, this could be a short duration provided rules on driving times are adhered to.
- Vehicle can return to original Member State using any means of transport—that is train, ferry or autotransporter, for all or part of the journey.
- EU rules on calculation of the 8 week period starts from 0:00 of the day following exit of the vehicle from the Member State of establishment and ends at 23:59 of the same day of the week, 8 weeks later.
  - Weekends & Public Holidays: if the last day of the period is a public holiday or Saturday or Sunday, the period ends with the expiry of the last hour (23:59) of the following working day.

# Rules on Cabotage

Applicable from 21 February 2022

- Cabotage can only take place if the haulier has previously undertaken cross-border transport i.e. international carriage, and within 7 days.
- The prior international loaded operation has to be fully unloaded to permit cabotage operations in a host Member State.
  - In case incoming carriage consists of several consignments, cabotage can only start once all consignments have been delivered.
  - Cabotage can start on the final day of unloading of the goods carried in the international transport.
- Empty containers, pallets or packaging transported from one Member State to another are considered a carriage of goods, BUT if these are owned by the haulier\*, then cabotage is permitted following international carriage.
- Up to 3 cabotage operations following international carriage can be performed. A cabotage operation can involve several loading points and/or several delivery points.
- The 7 day period starts from 0h00 of the day following the performance of the incoming international carriage. The cabotage operations must end by 23:59 on the seventh day.

# Rules on Cabotage –cont'd

- 4 day Cooling Off Period: Haulier is not allowed to carry out cabotage operations in the same Member State within 4 days following the end of its cabotage operation-this is called the 'Cooling Off Period'. This Cooling Off Period applies each time cabotage is completed and vehicle leaves the Member State. (But cabotage can be carried out in another Member State).
- Cooling Off Period applies each time a cabotage operation is completed and vehicle leaves the Member State. The counting of the 4 days starts from 0h00 of the day following the last cabotage operation and ends at 23:59 of the fourth subsequent day.
- If the last day period is a public holiday or weekend, then the period ends with the final hour of the following working day.
- Within a 7 day period, only 3 cabotage operations can be performed. Hauliers can perform in either one or more than one Member State, but no more than one cabotage operation is allowed in a Member State which is not the original entry point of the incoming international transport.
  - And each cabotage operation in the Member State must be carried out within 3 days of the unladen entry of the haulier and within the 7 day period .

# Tachograph Rules

For international road transport within the EU, obligation for drivers with analogue tachographs to manually record border crossings as of 20 August 2020 (for analogue tachographs) or as of 2 February 2022 (for digital and smart tachographs).

Smart tachograph 2 will automatically record border crossings (but also loading/unloading activities).  
Obligation to record country code of start and finishing of daily working period.

If a vehicle's digital tachograph does not record border crossings automatically, drivers must do it manually from 2 February 2022

## Timeline for smart tachograph v2

- Smart tachograph v2: Regulation (EU) 2021/1228 entered into force on 19 August 2021, applies from 21 August 2023.
- Smart tachograph v2 in new vehicles from 21 August 2023
- Retrofit analogue & digital tachographs with last day to retrofit being 31 December 2024
- Retrofit smart tacho v1 with last day to retrofit being 19 August 2025
- Smart tacho v2 in LCVs engaged in international transport effective 1 July 2026
- Early detection equipment: Obligation to equip control authorities with early detection equipment to an appropriate extent by 21 August 2024.



# Rest Times: Definitions & Rule

**Regular Weekly Rest Period – a 45 hour unbroken rest**

**Reduced Weekly Rest Period – a 24 hour unbroken rest period**

## **RULE:**

**In any 2 consecutive fixed weeks a driver must take at least – 2 Regular Weekly Rest or 1 Regular Weekly Rest + 1 Reduced Weekly Rest**

# Driving Hours, Breaks & Rest Regulations

## Driving Hours: EU Rules & Regulations

- 9 hours in a day – can be extended to 10 hours twice a week only.
- 56 hours in a week
- 90 hours in 2 consecutive weeks
- All driving must be recorded on a tachograph

## Breaks & Rest: EU Rules & Regulations

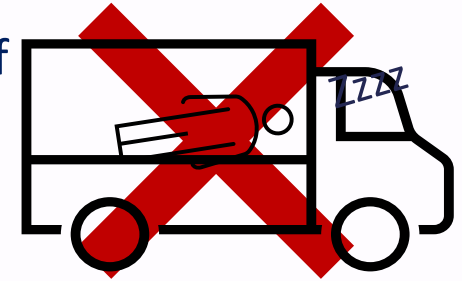
- Minimum 11 hours rest every day—can reduce to 9 hours rest 3 times between any 2 weekly rest periods
- Unbroken rest period of 45 hours every week, can reduce to 24 hours every other week
- A break or breaks totalling 45 minutes at least after no more than 4 hours 30 minutes driving
- Weekly rest after 6 consecutive 24 hour periods, starting from the end of the last weekly rest period
- If driving on an international trip, can take 2 consecutive reduced weekly rest periods (less than 45 hours but at least 24 hours) as long as these are taken:
  - Outside your country of residence
  - Over a 4 week period, 2 of the weekly rest periods must be at least 45 hours

# Driving & Rest Times: Important Details

Applicable from 20 August 2020



- In any two consecutive weeks a driver shall take at least:
  - A) two regular weekly rest periods of 45 hours each
  - B) one regular weekly rest period of 45 hours and one reduced weekly rest period of at least 24 hours
- Regular Weekly Rest Period Cannot Be Taken In Vehicle-
  - suitable accommodation is needed which may be adjacent to a parking area with appropriate facilities such as adequate sleeping and sanitary provisions.
  - several types of accommodation may fulfil those criteria, for instance, a hotel, motel, rental apartment or a private home.
  - costs for accommodation outside the vehicle for regular weekly rest periods must be covered by employer.
  - if driver chooses NOT to return to driver's place of residence or operational centre of employer but decides to rest in another place, then associated travel costs are covered by driver.



# Posting of Drivers

Effective 2 February 2022

- Under new rules Member States must provide transparent information about the remuneration of posted drivers when operating on their territory.
- Operators must use the Posting Declaration Portal –public interface of the IMI (Internal Market Information System) to submit declarations:  
<https://www.postingdeclaration.eu>.
- Taxes on driver wages: Changes to taxes on drivers' wages are introduced in a number of Eastern European countries due to the EU Mobility Package. New legislation has been enforced in various countries where previous tax free “per diem” payments for drivers have been replaced by regular taxable wages. This is estimated to increase wage costs as drivers ask for higher salaries because they now have to pay tax on all their wage. Poland, Romania and Bulgaria have already introduced these changes, with more countries expected to implement similar changes.\*



# Harmonization of Wage

Posting Declaration <https://www.postingdeclaration.eu/landing>

The EU law defines a **set of mandatory rules regarding the terms and conditions of employment to be applied to posted workers to guarantee that these rights and working conditions are protected throughout the EU.**

Your employer can send you to work temporarily in another EU country. During this period, you will acquire the status of a **posted worker** and will benefit from the same basic **working conditions and rights** as workers in your host country.

A posting can last as long as it is necessary to complete a specific task. When your posting has finished, you should return to your workplace in the EU country where you were posted from.

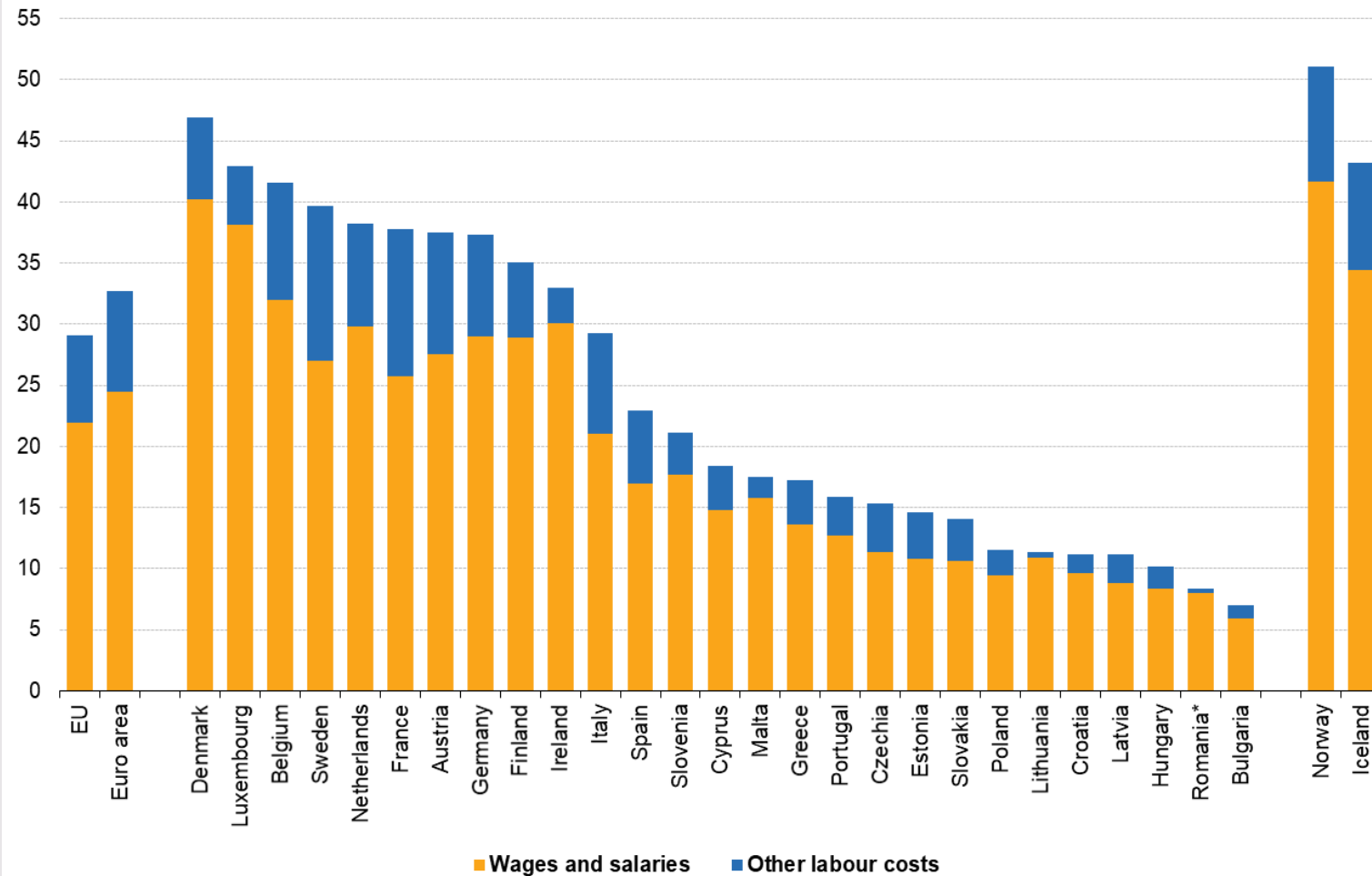
For logistics and transport companies, the new rules will entail structural changes. Small and medium-sized carriers from Eastern Europe are highly likely to refocus on domestic markets, as the financial costs of transporting goods to other EU countries will be unprofitable. Capacity shortages are therefore expected in Western Europe, and excess capacity is expected in Eastern Europe.



# Understanding Wage Disparity across EU

Estimated hourly labour costs, 2021

(€)



In 2021, the average hourly labour cost was €29.1 in the EU, ranging from €7.0 in Bulgaria to €46.9 in Denmark.

Transport operators in countries with a lower estimated hourly labour wage face a significant hike in driver wages under the EU Wage Harmonisation policy.

Please note this Eurostat data shows the estimated hourly wage across EU, as an illustration of wage disparity across the member states. This does not show wages for heavy truck drivers.

Notes: whole economy (excluding agriculture and public administration); in enterprises with 10 or more employees. Provisional data.

Romania\*: The estimates of the wage and salary /non-wage breakdown are not comparable with the periods prior to 2018 due to changes in national legislation.

Source: Eurostat (online data code: lc\_lci\_lev)



# Wage harmonization aims to unify wages across EU

## EU report reveals pay-gap between Western and Eastern European truckers

trans.i**INFO**

A recent report published by the Commission of the European Union shows that lorry drivers employed by Western European Hauliers typically cost 179% more than their Eastern European counterparts.

NEWS 10.01.2022

## Mobility package: How should drivers' wages be set for international transports?

NJORD  
LAW FIRM



Drivers must be guaranteed a specific national minimum wage when posted. The EU Mobility Package lists specific modes of transport that will always be considered as posting of workers, e.g., cabotage and third-country driving. In some cases, Member

# Key Points: EU Mobility Package '22

**2 February 2022:** Mandatory Border Crossings Recorded by Tachographs

- Drivers must register when entering another country using the Internal Market Info (IMI)

**21 February 2022:** Added Cabotage Rules

- Cooling off period of 4 days after cabotage load exhausted, only 3 cabotage journeys permitted within a country
- Vehicles must return to depots in 'start' country within 8 weeks
  - to avoid illegal cabotage

**WAGES:** For drivers entering a EU member state with higher minimum wage, new policy pushes for drivers to receive the higher wage for duration of the trip.

- Eastern European countries of Poland, Romania, Bulgaria to amend taxation structure for HGV drivers, wages rise by over 30%.

**31 December 2024:** Proof of working hours for last 56 days must be carried by drivers

**21 August 2023:** All new commercial vehicles over 3.5 tonnes must have version 2 tachograph

**2026:** Vehicles over 2.5 tonnes must have tachographs that comply with driver hour regulations.



Tachographs: device fitted in vehicle to record data such as speed, distance, start country, country entering using EU country codes.

Cabotage: transport of goods between two places in the same country.



# Talking to the Industry

How are automotive logistics players across Europe affected?

# ECG Business Intelligence asks the crucial questions:

1. The New & Updated EU Mobility Package effective from February 2022 include a number of new and amended rules--how have these affected your business?
  - a. Wage harmonization: As the transport sector is now included in the EU Posted Workers law, this means that a driver operating cabotage operations in another Member State could be entitled to minimum wages of that country--has this affected the salary you have to pay your drivers?
  - b. Cabotage: The rules regarding cabotage now mean that a haulier can only perform cabotage operations if international carriage has taken place in that host Member State in the last 7 days, with up to 3 cabotage operations allowed and with the 4 day cooling off period rule also followed. How have these new, stricter rules affected your business?
  - c. Driving & Rest Times: How are you affected by the driver rest times? For example in any 2 fixed weeks, a driver must take 2 regular weekly rests (45 hours) or one regular weekly rest and one reduced weekly rest (at least 24 hours). Do you always make sure the driver is back in the home country to avoid these rest rules?
2. Anything else you would like to share with regards to wages and the New EU Mobility package?
3. What current changes have you had to make to limit the impact from the new rules?
4. How strictly are the rules being implemented? For example, what are the repercussions if any of the above rules are not obeyed?
5. Rumours in the industry have reached me that some companies would rather pay the fines than have to comply with some of the more strict rules, such as cabotage limits etc? Is this something you think is just a rumour or for certain smaller operators will this become the norm?
6. Anything else you would like to share?

# In conversation with Mike Sturgeon, Executive Director, ECG



Mike Sturgeon,  
Executive Director,  
ECG

Question on Wage harmonization: As the transport sector is now included in the EU Posted Workers law, this means that a driver operating cabotage operations in another Member State could be entitled to minimum wages of that country--has this affected the salary you have to pay your drivers?

Mike Sturgeon: ***The FVL sector has become very dependent on trucks roaming in Europe and much of this demand has been met by carriers based in Eastern Europe who paid drivers additional allowances while working abroad. As a result of the change in the law this year those allowances have typically been incorporated into the salary of the drivers in order to ensure that their salaries now exceed the minimum wage in other Member States. This means they are now fully taxed on this money and also that they are no better off financially if they are roaming. This has the effect that drivers no longer want to make these international trips when they can earn the same money working in their home market and potentially going home every night. The driver shortage is very well documented but this new factor is now making the problem worse at exactly the time when demand is starting to grow again.***

# In conversation with Mike Sturgeon, Executive Director, ECG cont'd...

Q: On Cabotage: The rules regarding cabotage now mean that a haulier can only perform cabotage operations if international carriage has taken place in that host Member State in the last 7 days, with up to 3 cabotage operations allowed and with the 4 day cooling off period rule also followed. How have these new, stricter rules affected your business?

Mike Sturgeon: *So far, I have not heard anything to suggest that the changes in the rules for cabotage have had a significant impact on our sector.*

Q: Anything else you would like to share with regards to wages and the New EU Mobility package?

Mike Sturgeon: *One bizarre issue is the new requirement for trucks to return to their home base at least every 8 weeks. Previously trucks might have stayed abroad and the driver returned home to be replaced by another. Now the truck itself must return, regardless of whether it has a load to carry. In many cases this is going to increase empty running and costs overall, as well as generating unnecessary traffic congestion, driver costs and emissions.*



# In conversation with Prof. Dr. Dirk Engelhardt, BGL



Dirk Engelhardt,  
executive  
spokesperson,  
BGL

In 2021 it was quoted that the shortage in professional HGV drivers in Germany was 80,000--is this still the case? Have there been policies by the German government to help deal with the issues?

Prof. Engelhardt: ***Yes, this is still the case. We have recently made a projection which shows that if nothing changes, in Germany, we will be missing up to 200,000 drivers by 2030. German government and Parliament have recently constituted working groups to tackle the issue of driver shortage. So far, no specific measures to counter today's situation have been taken.***

**Q:** As the transport sector is now included in the EU Posted Workers law, this means that a driver operating cabotage operations in another Member State could be entitled to minimum wages of that country--has this affected the salary you have to pay your drivers?

Prof Engelhardt: ***It is true that drivers have to be paid according to minimum wage or tariff wages in place in the host member state when they do cabotage operations. For the moment, we have not a solid view on how that new rule affects the German hauliers. Given the relatively high wages in Germany, however we do not expect German hauliers to be greatly affected by that measure.***

**Q:** The rules regarding cabotage now mean that a haulier can only perform cabotage operations if international carriage has taken place in that host Member State in the last 7 days, with up to 3 cabotage operations allowed and with the 4 day cooling off period rule also followed. How have these new, stricter rules affected your business?

Prof Engelhardt: ***Here again, German hauliers will not really be affected by the new "Cooling-off-period"-rule. But we are still monitoring the situation.***



# In conversation with Prof. Dr. Dirk Engelhardt, BGL , cont'd

Q: How are you affected by the driver rest times? For example in any 2 fixed weeks, a driver must take 2 regular weekly rests (45 hours) or one regular weekly rest and one reduced weekly rest (at least 24 hours). Do you always make sure the driver is back in the home country to avoid these rest rules?

Prof Engelhardt: ***We don't expect our hauliers to be affected by these rules as they frequently return home where they get their regular rest times. With respect to the new rules on the return home provision of the driver every 4 (or 3) weeks, we can only confirm that our drivers return home very regularly, the vast majority long time before 3/4 weeks return home rule for drivers would kick in.***

Q: Anything else you would like to share with regards to wages and the New EU Mobility package?

Prof Engelhardt: ***Many Member States still haven't implemented the new posting of drivers' rules. In addition, for companies to be able to respect the rules, they need to know which rules they have to obey which is often times not the case, especially if they are missing information on which wage to be paid (minimum wage, tariff wage...).***

Q What current changes have BGL members had to make to limit the impact from the new rules?

Prof Engelhardt: ***As an association of transport hauliers, we did not need to make changes. A challenge was to communicate the new rules to members. The changes our member companies need to do to limit the impact of the new rules will be of rather limited nature.***

# In conversation with Luis Gómez, Europe President, XPO Logistics

As the president of XPO Logistics in Europe, Luis Gómez leads the business in 14 European countries with more than 200 locations, 13,500 employees and a turnover of 2.6 billion euros in 2021. Mr Gómez joined XPO upon the company's acquisition of Norbert Dentressangle SA, where he led the growth of the transportation business in Iberia. Luis has over 20 years of industry experience, including earlier executive finance roles with Christian Salvesen and Transportes Gerposa (now XPO).

“This Mobility Package will be in force from February 21 and it will produce further capacity constraints and inflation,” he said, adding that transport costs would rise “for at least the next 18 months”. While welcoming the rule changes as positive in the long-term and noting that XPO Logistics expected to cope better with the disruptions next year, Gomez said drivers' salaries on the continent would rise by “high single to low double-digit” percentages.

Question: The New & Updated EU Mobility Package, effective from February 2022, includes a number of new and amended rules – how have these affected your business?

Luis Gomez: ***At XPO, we have seen some related increase in business as more companies outsource multinational transport needs to experienced third-party providers with local resources close to them, as is the case of XPO. The new rules have added complexity and reduced the capacity available in the market, making it more costly for shippers to manage transport on their own.***



Luis-Angel Gómez,  
Europe President,  
XPO Logistics

# In conversation with Luis Gómez, Europe President, XPO Logistics ...cont'd

Q: Wage harmonisation: As the transport sector is now included in the EU Posted Workers law, this means that a driver operating cabotage operations in another Member State could be entitled to minimum wages of that country--has this affected the salary you have to pay your drivers?

Luis Gomez: *It will depend on where the company is based and the country's location for the cabotage. Generally speaking, Eastern European transport fleet companies doing cabotage or international trips in Western European territories have increased prices to cover costs related to this harmonisation.*

Q: What current changes has XPO had to make to limit the impact from the new rules?

Luis Gomez: *In some cases, the new rules require XPO or the transport companies who work with us to utilise more drivers to cover the same amount of business. This comes at a time when countries are dealing with driver shortages. So we're adapting our deployment of truck capacity to address this challenge. Fortunately, we have a robust transport technology platform that gives us a digital view of our transport activities in real time, making managing changes efficient. In addition, most of our customers understand that transport operations have a cost impact from regulations, inflation and fuel rates.*





# In conversation with Marcin Grabowski, Director of Transport, CAT MOSOLF POLSKA

Q: On Wage harmonization: As the transport sector is now included in the EU Posted Workers law, this means that a driver operating cabotage operations in another Member State could be entitled to minimum wages of that country--has this affected the salary you have to pay your drivers?

Marcin Grabowski, Director of Transport, CMPL: ***All our salaries are according to new rules, this raises costs about 7%.***

Q: Cabotage: The rules regarding cabotage now mean that a haulier can only perform cabotage operations if international carriage has taken place in that host Member State in the last 7 days, with up to 3 cabotage operations allowed and with the 4 day cooling off period rule also followed. How have these new, stricter rules affected your business?

Marcin Grabowski, Director of Transport, CMPL: ***We decided to reduce cabotage operations to a minimum, we focus on transport from PL to EU countries and back.***

Q: Anything else you would like to share with regards to wages and the New EU Mobility package?

Marcin Grabowski, Director of Transport, CMPL: ***In the case of subcontractor costs per driver we have information about cost increases of between 20-30% per driver.***



# In conversation with CMPL, cont'd ...

Driving & Rest Times: How are you affected by the driver rest times? For example in any 2 fixed weeks, a driver must take 2 regular weekly rests (45 hours) or one regular weekly rest and one reduced weekly rest (at least 24 hours). Do you always make sure the driver is back in the home country to avoid these rest rules?

Marcin Grabowski: ***We decided to reduce to minimum cabotage operations, we focus on transport from PL to EU countries and back, this solved problems of driving time and rest, all drivers are latest every 2<sup>nd</sup> week home and make regular breaks.***

What current changes has CMPL had to make to limit the impact from the new rules?

Marcin Grabowski: ***Contracts cancellation, no new cabotage contracts, only transports between PL/CZ/D/Benelux and France and back.***

How strictly are the rules being implemented? For example, what are the repercussions if any of the above rules are not obeyed?

Marcin Grabowski: ***Fines to company***

Rumours in the industry have reached me that some companies would rather pay the fines than have to comply with some of the more strict rules, such as cabotage limits etc? Is this something you think is just a rumour or for certain smaller operators will this become the norm?

Marcin Grabowski: ***Till first fine, if fine is more expensive than earnings such situation will not occur, fines should be high to prevent such behaviour.***

# In conversation with Frits Potze, Managing Director Netherlands, ColliCare Logistics



**Frits Potze**  
Managing Director Netherlands

Question: The New & Updated EU Mobility Package effective from February 2022 include a number of new and amended rules--how have these affected your business?

***Frits Potze: “We see capacity disappearing, & costs increasing.”***

Q: Wage harmonization: As the transport sector is now included in the EU Posted Workers law, this means that a driver operating cabotage operations in another Member State could be entitled to minimum wages of that country--has this affected the salary you have to pay your drivers?

***Frits Potze: “No, it raised the subcontractor costs.”***

Q: Driving & Rest Times: How are you affected by the driver rest times? For example in any 2 fixed weeks, a driver must take 2 regular weekly rests (45 hours) or one regular weekly rest and one reduced weekly rest (at least 24 hours). Do you always make sure the driver is back in the home country to avoid these rest rules?

***Frits Potze: “We offer the possibility.”***

# In conversation with Frits Potze, Managing Director Netherlands, ColliCare Logistics

Question: Anything else you would like to share with regards to wages and the New EU Mobility package?

***Frits Potze: “Too many rules / too much admin, this puts fear in foreign subcontractors and this means they withdraw and/or reduce capacity to avoid the admin(legal) burden.”***

Statement from ColliCare:

The purpose of the new rules is to regulate truck drivers’ work and rest regimes, as well as to provide equal access to the profession and local markets. Thanks to the new regulations, an international truck driver will be entitled to better business trip compensation, especially when market wages in the country of delivery are higher than the driver’s home country.

Cabotage will also be regulated so that drivers from higher-wage EU countries will not be at a competitive disadvantage vs. drivers from lower-wage countries.

For logistics and transport companies, the new rules will entail structural changes. Small and medium-sized carriers from Eastern Europe are highly likely to refocus on domestic markets, as the financial costs of transporting goods to other EU countries will be unprofitable. Capacity shortages are therefore expected in Western Europe, and excess capacity is expected in Eastern Europe.

# 03

## Driver Shortages

Crisis out of Control

# EU fast tracks policy to limit supply chain disruption



European Commission

Press release | 27 April 2022 | Brussels

## Legal migration: Attracting skills and talent to the EU



The Commission is proposing to step-up **operational cooperation** at EU level between Member States as well as with partner countries. Work is already advanced with a number of key initiatives to match labour market and skills needs of Member States and partner countries.



## Report on Labour Shortages and Surpluses



Table 2.2 The numbers employed in the identified shortage occupations in 2020

Occupation	Number employed in the EU27 (000's)	Occupation	Number employed in the EU27 (000's)
Plumbers and Pipe Fitters	924	Applications Programmers	743
Nursing Professionals	1087	Health Care Assistants	1578
Systems Analysts	684	Motor Vehicle Mechanics and Repairers	1398
Welders and Flame Cutters	678	Nursing Associate Professionals	2655
<b>Heavy Truck and Lorry Drivers</b>	<b>2548</b>	Specialist Medical Practitioners	857
Civil Engineers	545	Civil Engineering Technicians	712
Software Developers	1006	Metal Working Machine Tool Setters	1146
Carpenters and Joiners	626	Toolmakers and Related Workers	622
Concrete Placers and Finishers etc.	283	Accountants	1320
Generalist Medical Practitioners	561	Air Conditioning/Refrigeration Mechanics	158
Agricultural & Ind. Mach. Mechanics	1509	Cooks	1875
Bricklayers and Related Workers	1224	Roofers	215
Building and Related Electricians	1023	Software and Applications Developers nec	270
Electrical Mechanics and Fitters	<b>715</b>	Web and Multimedia Developers	99

Source: Analysis of data from Eurostat



# Transport workers in the EU

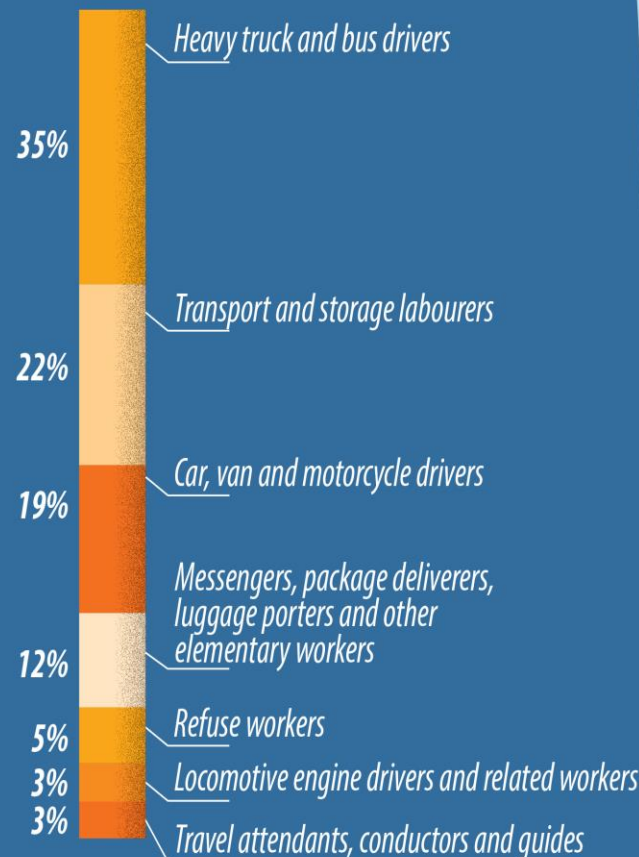
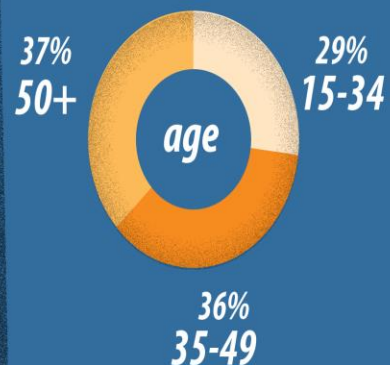
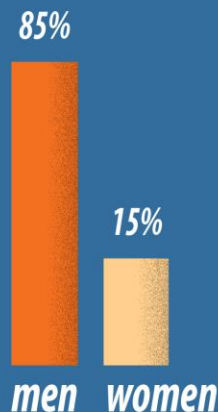
2020, population 15+



**10.8 million**

29 transport workers per 1 000 people

5% of all people employed



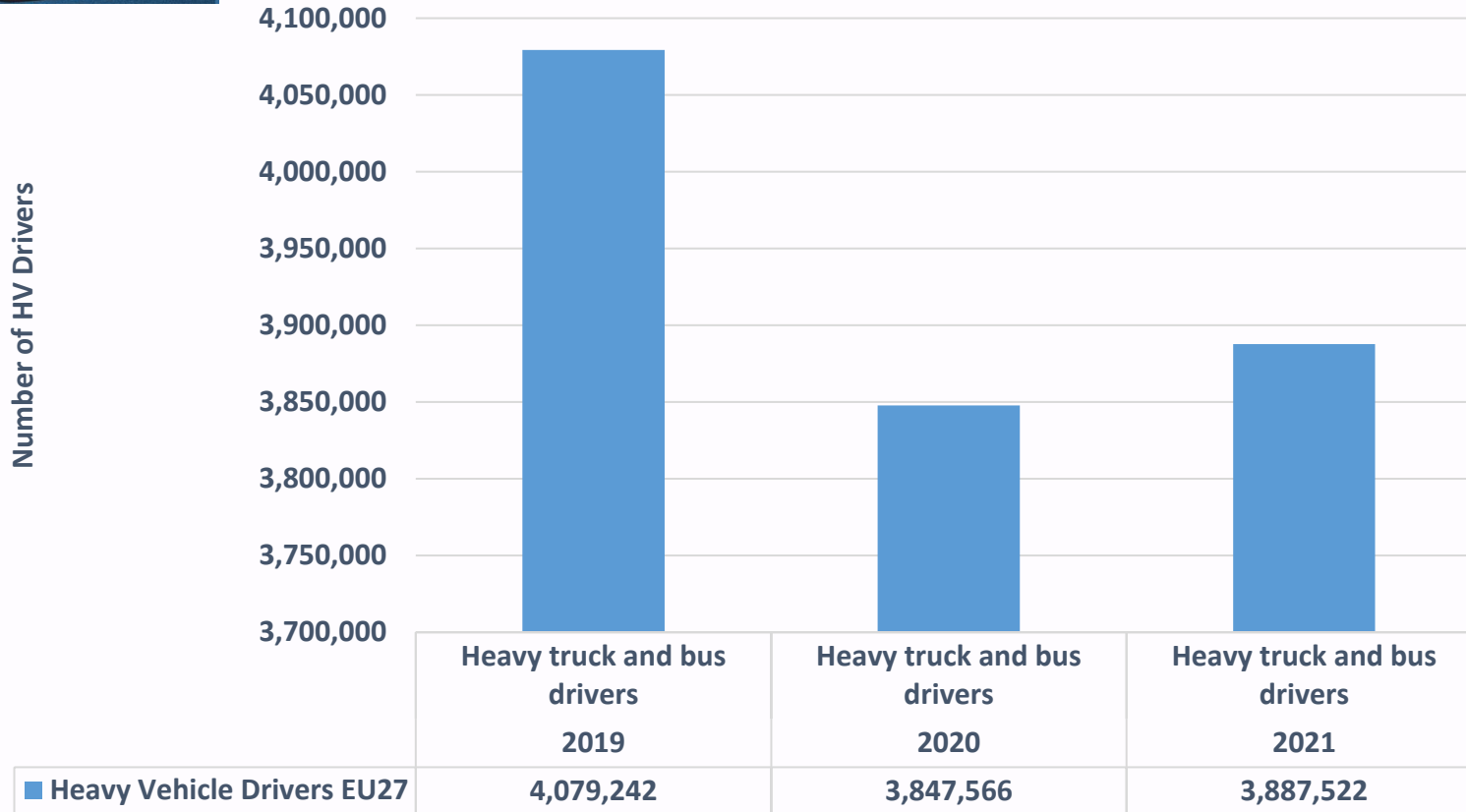
- 2019: 11.6 million employed in EU transport sector, of which 4.07 million were heavy truck & bus drivers
- 2020: 10.8 million employed in transport sector in EU, of which 3.84 million were heavy truck & bus drivers
- 2021: 11.02 million employed in transport sector in EU, of which 3.88 million were heavy truck & bus drivers.
- Post Pandemic Demand Surge plus Backlog mean more drivers needed in EU.

# EU aims to attract more drivers, but gap remains



**Drivers Needed!**

EU 27 Heavy Vehicle Drivers



Source: Dataset Eurostat, Automotive from Ultima

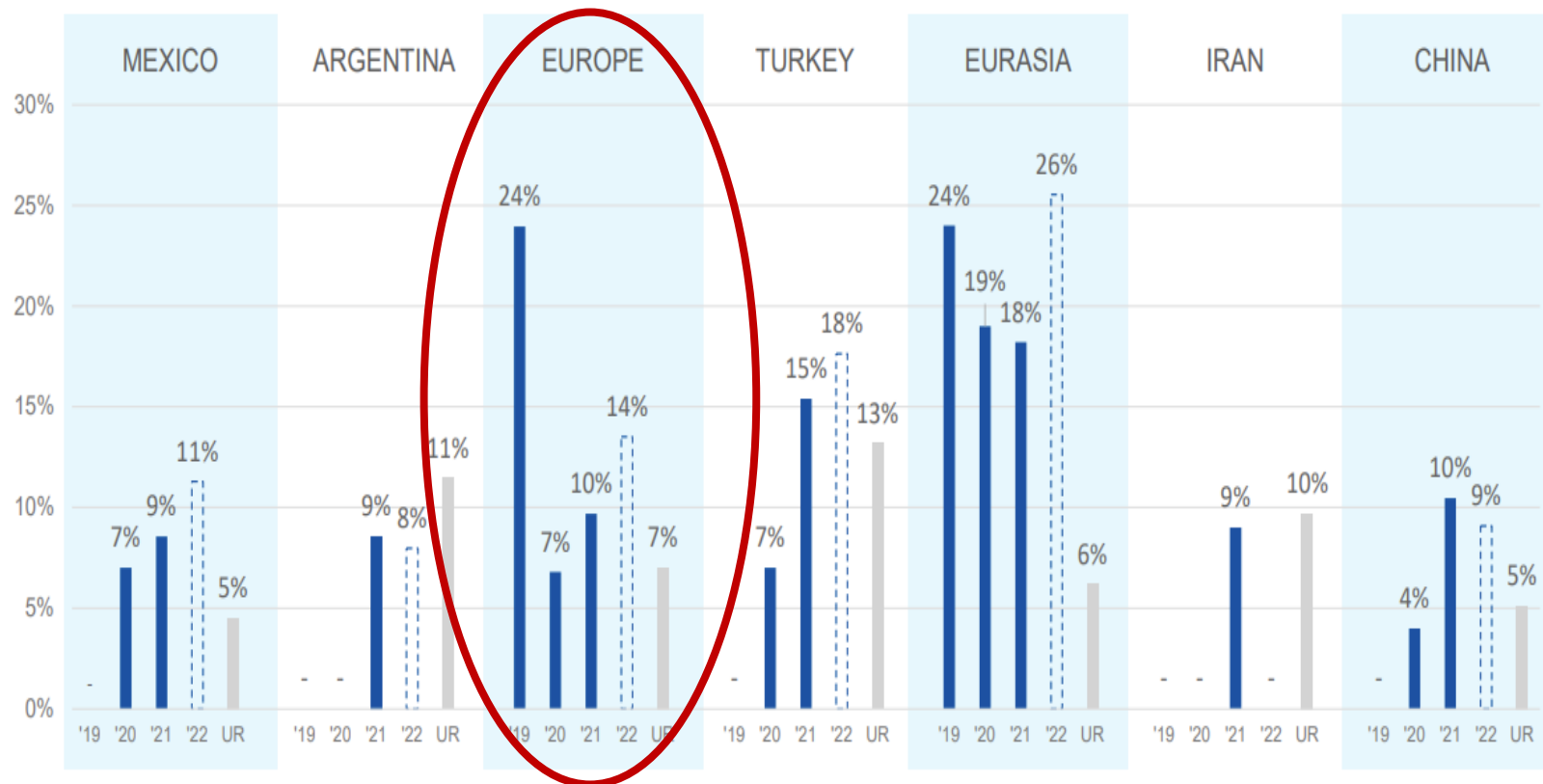
- 2020: decline of -5.68% in heavy vehicle drivers compared to 2019
- 2021: a 1.04% annual increase in heavy vehicle drivers, but still down -4.69% compared to 2019
- Gap: Compared to 2019 (pre-pandemic) is reducing. In 2020 there were 231,676 less drivers employed than 2019. In 2021 there were 191,720 less drivers employed than in 2019 (pre-Covid). While gap is reducing, there is now an urgency for more drivers.
- Pandemic Backlog, shocks from lockdowns, aged drivers forces to retire due to Covid-but lack of new younger entrants to profession, lack of Ukrainian drivers due to war force Post Pandemic Surge in demand for delivery of goods, therefore driver shortage is actually increasing.



# Truck driver shortages in 2021 rising in 2022

## Truck driver shortages continue to grow, moving back to pre-pandemic levels in Europe and Eurasia


% of unfilled truck driver positions 2019-2022 (FC)<sup>1</sup>, unemployment rate (UR) 2020<sup>2</sup>



- Over 2.6 million truck driver jobs unfilled in 2021, shortage to rise in 2022
- 2022: 14% of truck driver jobs to be unfilled in Europe, up from 10% in 2021 (pre-war estimates)
- In all regions women represent less than 3% (except China, women drivers 5% & USA 8%)
- Eurasia region to see rise to 26%, higher than pre-pandemic levels as increased demand expected in 2022
- Europe truck driver wages have risen in 2021, with further rises expected in 2022

1. IRU survey 2021, FC = forecast (for 2022); 2. Eurostat (for Europe, EU-27 unemployment) and ILO 2020 (except China – urban unemployment rate 2021, China's National Bureau of Statistics)

# Why Driver Shortages are Increasing in 2022

- 
- Increased demand for truck drivers expected in 2022:
    - Ageing driver population which is not being replaced by enough new entrants, less than 3% women
    - As of 24 February Ukrainian men between 1 to 60 years old banned from leaving the country, including those working as truck drivers.
    - Many Ukrainian truck drivers working in Europe have returned to Ukraine
    - Resident cars, working visas of Russian and Belarusian drivers not extended
    - 30% of drivers working in international transport in Poland are from outside EU, of which 75% are from Ukraine, 20% from Belarus.

- More than 166,000 truck drivers from Ukraine, Belarus, Russia have left or lost truck driver jobs so far this year.
- Pent-up demand & backlog due to pandemic increase need for hauliers in 2022, despite overall GDP declines.
- SANCTIONS & RESTRICTIONS:
  - New sanctions and other limitations will limit loaded trips between some countries, thereby reducing a proportion of drivers needed.
  - But this reduction in demand is not enough to counter



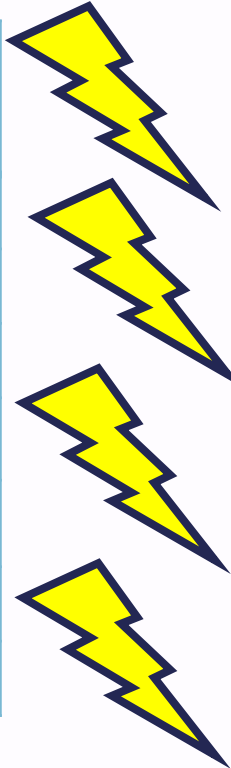
**Increasing shortages RU despite wage increases and available workforce**

- Increase in unfilled truck driver positions with over 25% expected to be unfilled in Eurasia in 2022.
- Wages for truck drivers has risen across Europe, with UK up 18% year-on-year in January-October 2021.
- French drivers demand same pay as UK drivers.

2022

# Shocks force new pressure on industry

Country	Truck driver Shortage (2021)
UK	100,000
France	50,000
Poland	80,000
Germany	80,000
Romania	71,000
Spain	20,000
Italy	17,000



- War in Ukraine
- Covid Lockdowns
- Supply Shocks
- Post-Pandemic demand
- Backlog of Pandemic Demand
- Ageing Drivers

‘It’s not a normal life’: truck drivers warn of burnout as global shortage bites

Surging demand for goods during the pandemic has increased volumes for hauliers to carry

FINANCIAL TIMES

Driver shortages surge, expected to jump up to 40% in 2022: new IRU survey

16 JUN 2022 • PEOPLE



IRU Secretary General **Umberto de Pretto** said, “Chronic commercial driver shortages are getting worse, with millions of positions remaining unfilled. This is putting already stressed economies and communities at higher risk of inflation, social mobility issues and supply chain meltdown.”

The lockdowns caused more chaos, with many drivers initially forced out of work, leaving the industry scrambling to fill jobs as economies reopened.

POLITICO

# In Conclusion:

## HGV Driver shortage to rise, despite wage increases

- EU Mobility Package Updates help harmonize wages across Europe, but for logistics service providers, especially based in Eastern Europe, costs are significantly increased.
  - This will likely result in more localized services to avoid posting of drivers in Western Europe.
  - Overall truck drivers base salary rises, which raises taxable amount resulting in some seeing take home fall due to lower number of ad-hoc or overtime deliveries.
  - Posting of drivers rule implies drivers presence in Member State must be officially notified & registered with salary and taxes appropriately paid.
- EU Mobility Package Updates raise well being of truck drivers and expected to see increase in interest from younger diaspora, but new and uncertain events (VUCA\*) such as war and Covid-19 repercussions mean the shortage in drivers continues to rise.
- UK issues of driver shortage compounded by Brexit issues plus VUCA events despite government drive to attract more to sector.
- EU fast tracks processes to address HGV driver shortage expected to allow for faster migration to fill skills gap.
- Overall driver shortage in EU + UK expected to increase despite wage increases, as backlog of deliveries, decline in workforce due to ageing & war causing post-pandemic demand surge in volume of drivers needed.

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More research can be found at: [ecgassociation.eu/ecg-business-intelligence](https://ecgassociation.eu/ecg-business-intelligence)



# Appendix

## UK & Germany

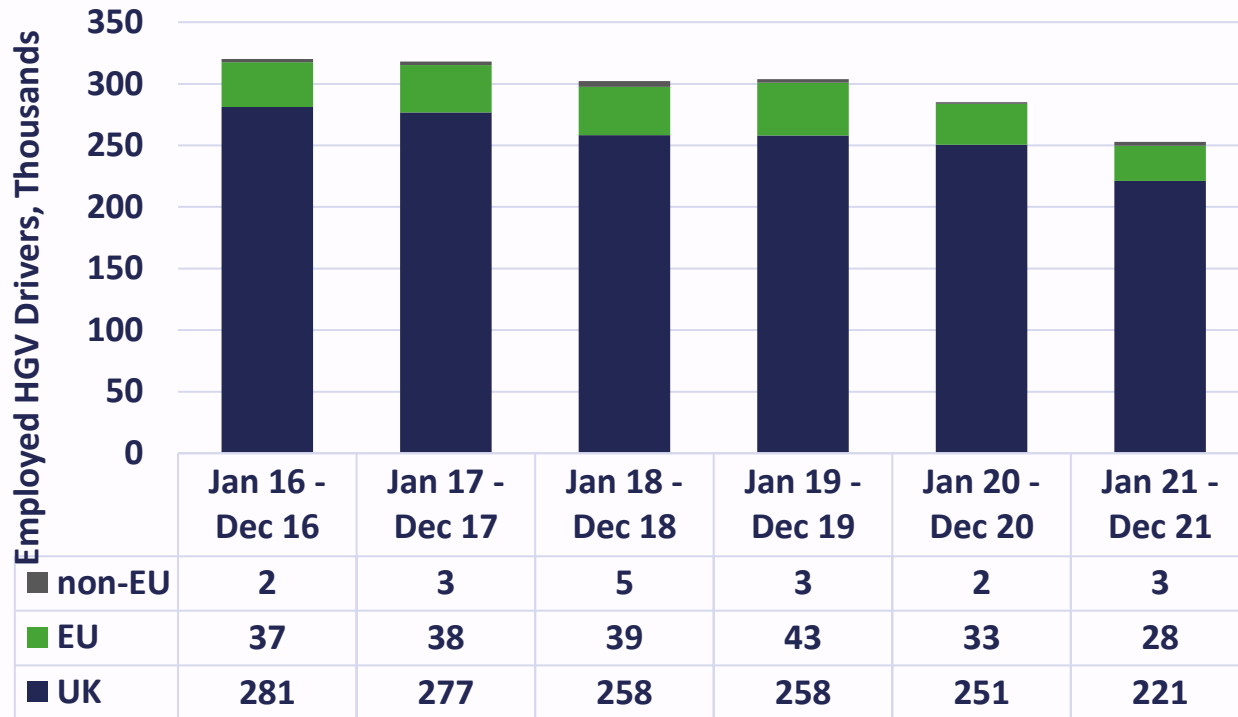
Brief analysis of situation



# UK

## HGV Driver shortage hits **76,000**

### Employed HGV Drivers in UK, by nationality



- 2016: Total employed HGV Drivers = 320,000
- 2017: Total employed HGV Drivers = 318,000 (down 2,000 y/y)
- 2018: Total employed HGV Drivers = 302,000 (down 16,000 y/y)
- 2019: Total employed HGV Drivers = 304,000 (up 2,000 y/y)
- 2020: Total employed HGV Drivers = 285,000 (down 19,000 y/y)
- 2021: Total employed HGV Drivers = 253,000 (down 32,000 y/y)
- Gap in HGV Drivers compared to 2019 = **32,000 + 19,000 = 51,000 \***

\* Volume of vehicles has increased so total number of HGV drivers in shortage has risen to **76,000** as per data from UK Gov, published 25 April 2022.

Source: Automotive from Ultima Media, ONS Survey data based on PAYE, March 2022





# UK

## Wage Hikes, Faster Testing Alleviate Pressure

- HGV Drivers in employment seeing slower decline in recent quarters, optimism in market
  - Higher HGV Driver wages
    - UK HGV Driver wages up 25% in Q1 2022 compared to Q1 2021
  - Faster DVSA (Driver & Vehicle Standards Agency) testing, and practical HGV tests
    - Q1 2022 DVSA testing for HGV drivers up 43% compared to Q1 2019
  - HGV Drivers in employment estimated to have dropped by just over 30,000 in Q1 2022 approx. 10% down from Q1 2019, indicating a slower rate of decline than Q3 and Q4 2021 when volumes declined 14% and 16% compared to same periods in 2019.
  - Dept. for Transport temporarily relaxed drivers' working hours rules between 9 April and 8 May, but now UK rules are in line with EU drivers' hours rules.
  - Estimates 12,500 EU nationals working as HGV drivers in UK left jobs, while 52,000 UK nationals left HGV roles since 2020, bringing total to just over 64,500 UK +EU nationals left HGV driver roles in UK
    - But new recruits rising at fastest rate in 2022 since before Covid-19.

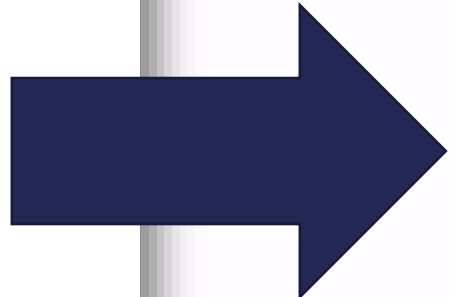
### UK

- 270,000 licences handed out between January-November 2021, of which 40,169 in October alone
- Only 220,025 licenses handed out in 2020 in UK
- HGV driver tests increased by 90%, i.e. 1,350 HGV driver tests carried out per week
- HGV training boot camp, i.e. 16 week courses



# UK Govt prioritizes HGV driver shortage

The screenshot shows the GOV.UK website header with the logo and a 'Topics' dropdown menu. Below the header, the breadcrumb trail reads 'Home > HGV driver shortage: UK government response'. The main heading is 'UK government action to reduce the HGV driver shortage'. Below the heading, a paragraph states: 'Find out about the 33 actions the UK government is taking to deal with the shortage of heavy goods vehicle (HGV) drivers in the UK.'



- Increasing efficiency in supply chains
- Support and training for new HGV drivers
- Expanding HGV driver testing capacity and licensing processes
  - Number of HGV tests increased by 90% compared to pre-pandemic levels
  - 40 new HGV examiners recruited
  - Fast track for former armed forces to qualify as HGV drivers
- Attracting HGV drivers back to sector and improving conditions
  - Return to HGV driving campaign
  - Review of HGV parking & facilities
  - £32.5 million investing in roadside facilities for HGV drivers ie toilets, showers etc
  - Funding support towards HGV license and CPC qualification
- Ensuring fuel supply chain
- Economic measures to support haulage
  - Vehicle excise duty frozen till 2023

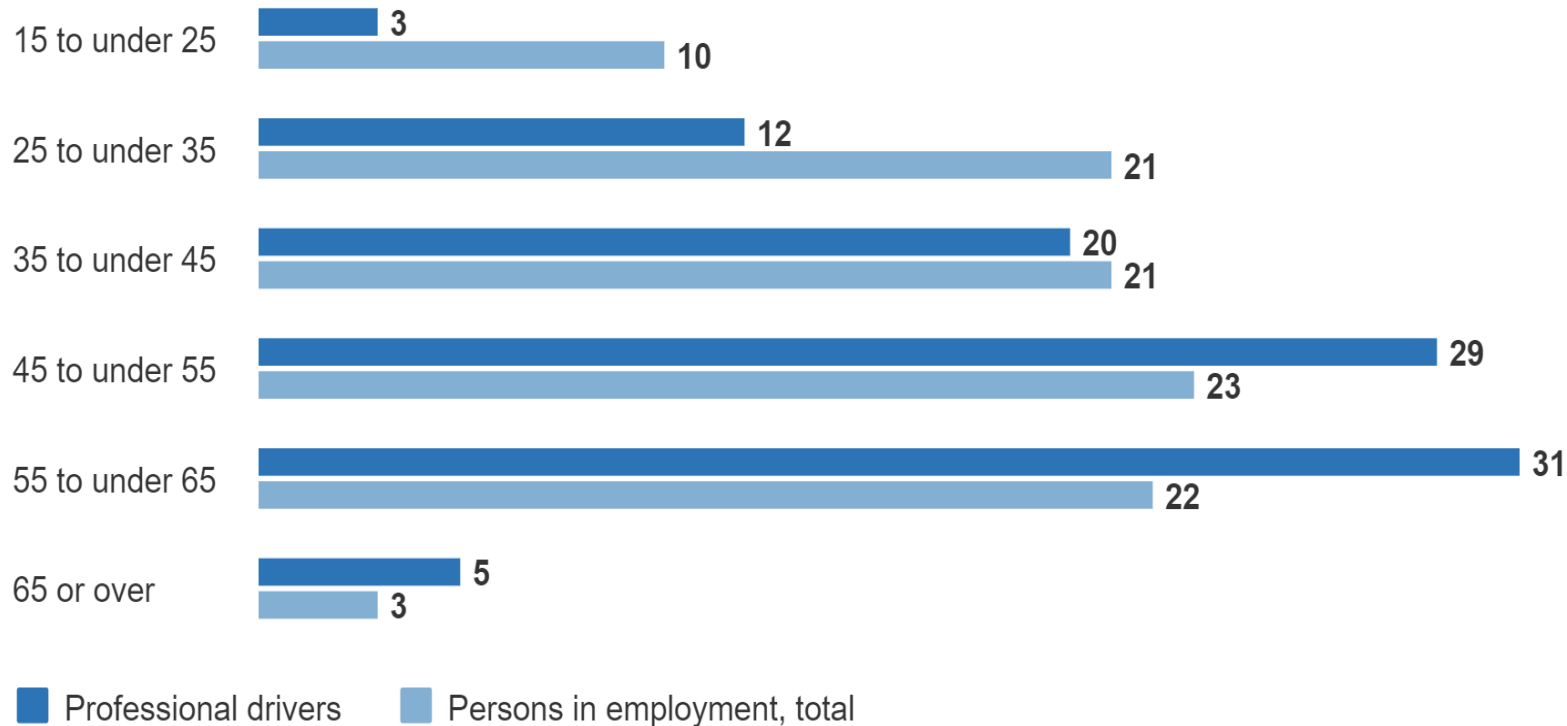


# Germany

HGV Driver shortage hits **80,000**

## Persons in employment, by age group, 2021

Percentage



- In Germany 480,000 worked as truck drivers in 2021
- More than 35% were over 55 years old, therefore expected to retire imminently.
- Only 3% of truck drivers are under 25 years old.
- Only 3% of truck drivers are women.
- Every year 30,000 drivers leave the profession in Germany.
- 2020: Driver shortage between 45,000 - 60,000
- 2021: Driver shortage hits 80,000
- 2027: driver shortage forecast to hit 185,000 in Germany (IRU)