

## MOBILITY PACKAGE IN LITHUANIAN LOGISTICS *MOBILITĀTES PAKOTNE LIETUVAS LOĢISTIKAS NOZARĒ*

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**Abstract.** *Over the past few years, there have been significant changes in the logistics sector. New regulations of commercial road transport at the European Union level have been released. Hundreds of cargo transports are carried out by road transport every day. The study shows that these rules aim to ensure a balance between the social security of drivers and the freedom of operators to provide cross-border transport services. Although, the changes also caused a lot of conflicting thoughts. Therefore, this article attempts to reveal the benefits/harms and impact on businesses of introducing a Mobility package.*

**Keywords:** *impact on businesses, logistics companies, Mobility package, regulations.*

### Introduction

Logistics processes play an important role in the Lithuanian economy. Many entrepreneurs try to profit illegally from various logistics processes, which leads to cases of fraud. In addition, logistics processes do not provide drivers with optimal working conditions, are highly competitive and pollute the environment. For these reasons, the European Parliament has adopted a Mobility package aimed at levelling the playing field, improving working conditions for drivers, reducing environmental pollution, digitizing transport operations and introducing time recording in the calculation of drivers' wages.

**The aim of the research** is to evaluate the effect of the Mobility Package on the Lithuanian transportation companies operating in European Union.

**Objectives of the research** are:

- to present the concept of the Mobility package;
- to reveal the situation in the transportation market after the introduction of the Mobility package;
- to analyse the effect of a Mobility package on the Lithuanian transportation companies operating in European Union.

**The object of the research** is the introduction of a Mobility package to the countries of European Union (EU).

**Research methods:** scientific literature analysis, structured interview.

The results of the research are provided in the conclusion part of this paper.

### Mobility package and reasons of its introduction in the legal basis

The Mobility package is a set of EU legislation (package) designed to regulate legal relations in commercial road transport at EU level. The Mobility package includes: career opportunities and market access regulations, driving hours, rest periods and tachograph regulations, enforcement and issuance of driver orders (*European Commission, 2020*).

This package is essential to ensure good implementation and enforcement of road transport laws and to strike a balance between social protection of drivers and the freedom of entrepreneurs to provide cross-border transport services. To help the industry apply these rules

correctly, the Commission Service has prepared a first set of guidelines, which will be supplemented progressively with others as necessary (*European Commission, 2020*).

These rules regulating commercial road transport were adopted in July 2020 and are included in the Workers Placement Directive. There is a one-and-a-half-year transition period for the package to go into effect. Rules for flow packs are gradually introduced. From the 20th day after publication of the Regulation in the Official Journal of the European Union, the provisions of the Regulation regarding driving and rest periods apply, except for the special provisions for tachographs. Smart tachograph regulations will come into effect much later, i.e., H. From December 31, 2024. The rules provided for in the regulation on opportunities to engage in professional activities and market access will be applied after 18 months from the date of entry into force of the regulation, i.e., from 2022 January the rules provided for in the Directive on the posting of drivers will have to be transposed into national legislation and applied 18 months after the date of entry into force of the regulation, i.e., from 2022 January (*Lietuvos transporto saugos administracija, 2022*).

Before the introduction of the Mobility package, the rules were guided by “Legislation regulating working, driving and rest time of drivers”. These rules came into force in 2006 March 15th. There are some rules of the regulation and the Government's decree apply to all drivers, except for transport:

- Drivers did not have to return every four weeks.
- Drivers must rest for no less than 45 hours a week, and the rest could take place in the cabin itself.
- The same vehicle was allowed to operate on cabotage operations for more than 4 days.
- By specialized emergency vehicles operating within a radius of 100 kilometres from their permanent storage location (*Valatkienė, 2006*).

Also, the Regulation does not apply when transported by the following means of transport:

- Only by vehicles used on roads of central infrastructures such as ports, international ports and railway terminals.
- Vehicles powered by natural or liquefied gas or electricity, the maximum permissible weight of which, including the weight of any trailer or semi-trailer, does not exceed 7.5 tons, and which are used to transport goods within a radius of 50 kilometres from the location of the company.
- By vehicles that are used to deliver animals from farms to local markets and vice versa, or from markets to local slaughterhouses within a radius of 50 kilometres (*Valatkienė, 2006*).

### **Changes that the Mobility package has introduced**

The main changes highlighted in the Mobility package consist of six parts.

Firstly, drivers will have to return home every four weeks. According to Commission Services (2020), the vehicle should be returned to one of the activity centres in the Member State of establishment of the company that disposes of the vehicle.

The second rule covers weekly rest for the driver (not less than 45 hours of weekly rest), which cannot be taken in the vehicle's cabin. If the driver rests away from home, the employer is responsible for covering the costs of the driver's accommodation (e.g. in a hotel or other premises that provide suitable sleeping and sanitary conditions) (*Lietuvos transporto saugos administracija, 2022*).

The third defines the performance of cabotage operations. In the member state where the cabotage operation took place, it is prohibited to carry out a cabotage operation with the same vehicle for four days after it. During the four-day period, an international transport between Member States or a cabotage operation in another country may be carried out, but

leaving and returning to a member state with or without cargo does not remove the prohibition to carry out cabotage operations in that country for four days. After the four-day period, the remaining cabotage operations may be carried out without prejudice to the overall seven-day period (*Lietuvos transporto saugos administracija, 2022*).

The fourth one informs about changes in the rules for the posting of drivers. The driver is considered posted from the moment he enters another country while transporting cargo or enters the country and intends to load cargo there, which will be transported to a country other than the carrier's country of registration. His mission is complete when the cargo is unloaded. If the driver is traveling without cargo, his business trip starts only after entering the country where loading will take place. There are also exceptions when a driver is not considered detached:

- when bilateral transport is carried out, i.e. when a Lithuanian carrier transports cargo or passengers from Lithuania to another country, or the cargo is transported to Lithuania;
- when a country is transited without loading or unloading in that country or passengers are not boarded or disembarked (for example, cargo or passengers are transported from Lithuania to France in transit through Poland and Germany, the driver is not considered posted to any country during the entire trip);
- when, during bilateral transportation, transportation is carried out between other countries on the way (for example, a Lithuanian carrier transports cargo from Lithuania to France, on the way it additionally loads the cargo in Poland, which will be unloaded in Germany).

The fifth rule is marking the border crossing on the digital tachograph. According to the Lithuanian Transport Safety Administration, before the entry into force of the Mobility package, the driver only used the symbols of the country whose border he was crossing at the beginning and end of the daily working hours. From February 2, 2023 drivers who drive a vehicle with a digital tachograph must enter the country symbol every time they cross the border, i.e., as soon as they cross it or at the nearest possible stop to the border. It is important to mention that drivers who drive vehicles with an analogue tachograph have been marking the border crossing since August 20, 2020 (*European Commission, 2022a; European Commission, 2022b; Lietuvos transporto saugos administracija, 2022*).

Finally, returning the vehicle to the country where the carrier is registered. Companies must organize their activities in such a way as to ensure that the vehicles owned by the company, with which the international transport of goods is carried out, return to the company at its registered address no later than every eight weeks. The first trucks should return to the carriers' countries of registration no later than April 17.

### **Advantages and disadvantages of Mobility package**

The Mobility package itself has caused a lot of controversy. Some believe that it will have a negative impact on the company's activities, while others, on the contrary, see it as an opportunity to expand into the Western market. According to the Minister of Communications, "Lithuania supports the provisions of the legal act that improve the conditions of workers, but opposes the obligation to return the tractors to their country of registration every eight weeks, and the provisions that are really against the single market go against the Green Course, so they need to be adjusted. In other words, not the entire legal act is bad, but several provisions should be changed."

Although Western Europeans claim that the mandatory return of trucks will help to fight against the registration of fictitious freight transport companies, when companies are established in one place in order to reduce costs and operate elsewhere, Lithuanian transporters and the Government are convinced that in this way the West aims is to exclude competitors from the market.

According to the Ministry of Transport, the assessment of the impact of the Mobility package, which was carried out by the European Commission itself, determined that up to 3 million tons of CO<sup>2</sup> will be additionally emitted into the environment due to the enforced requirement to periodically return the vehicle to the country of registration (see Figure 1).

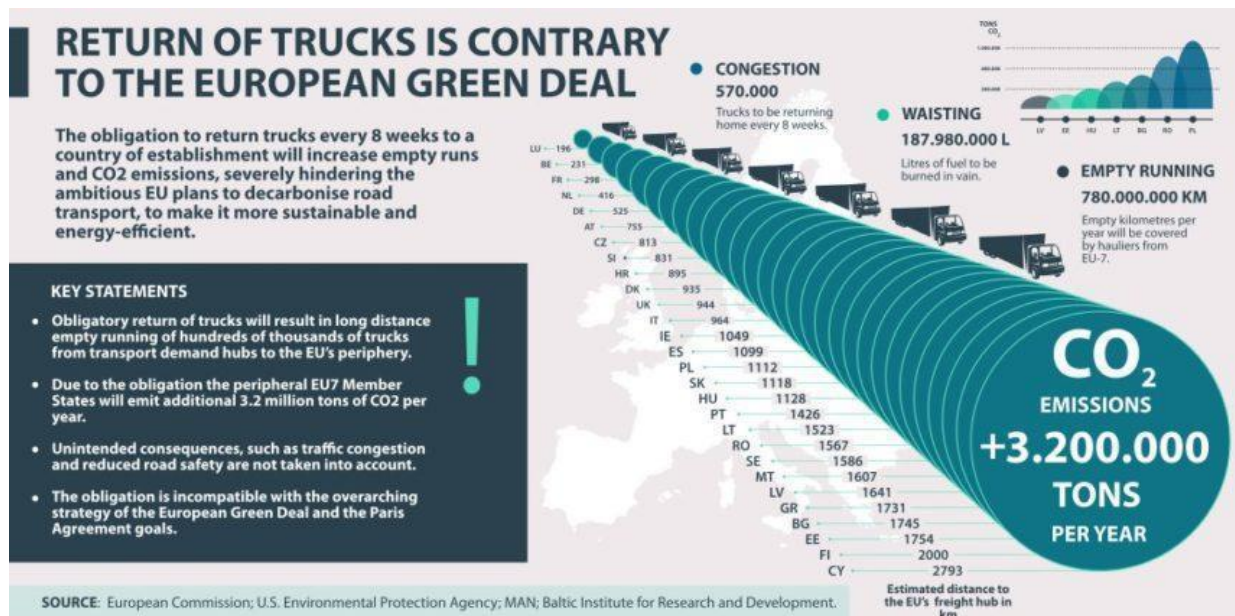


Figure 1. Return of trucks is contrary to the European green deal (Macyra, 2020)

Advantages of Mobility package:

- Better planned employee rest time. The driver must return to the carrier's country of registration or residence within four weeks and take a normal rest period of at least one week.
- Border crossing marking on the digital tachograph. Drivers of vehicles equipped with digital tachographs must enter the country code at every border crossing, i.e., immediately after crossing the border or at the closest possible stop at the border.
- Secondment of drivers. The driver shall be considered to be on assignment from the time he enters another country for the purpose of carrying a load or receiving a load to be carried in a country other than the carrier's country of registration. Such assignment shall terminate when the cargo is unloaded. If the driver is traveling without a load, his assignment shall commence only when he enters the country into which the load is to be made (FM Logistics, 2022).

Disadvantages of Mobility package:

- Return of drivers to their place of residence or carrier's operation centre. The driver must return to the carrier's country of registration or residence within four weeks and take a normal rest period of at least one week.
- Changes in cabotage operations. In the Member State in which the cabotage operation was performed, it shall be prohibited to perform cabotage operations in the same vehicle for a period of four (4) days thereafter. During this four-day period, international transport operations between Member States or cabotage operations in other countries may be performed, but departure from and return to a Member State, with or without cargo, shall not invalidate the four-day prohibition on cabotage operations in that country.

In general, the lately introduced Mobility package aimed to improve the working conditions of the international drivers and reduced pollution caused by international carriers.

Nevertheless, the regulations have not fully come into effect and the system is not fully prepared for implementing those. Which causes difficulties in the haulage process for the companies located in Lithuania, operating in EU. In order to reveal the impact of the new regulations on the logistics business, one Lithuanian transportation company, operating in EU was interviewed, the name of which remains confidential.

### **The interview results' review**

In order to analyse the impact of Mobility package on the Lithuanian company a transportation company, registered in Lithuania and specialising in the international haulage services was chosen for an interview. During the structured interview the representative of company X (the company preferred to stay confidential) was given questions related to the implementation of the new regulations in the daily routine by organising routs, drivers' workload and transportation schemes.

The results of the structured interview showed that the application of the new regulations causes issues for the business. E.g. when asked if the company incurs additional costs after the introduction of the Mobility package, the company indicated partial differences, but no significant ones were visible. However, there has been an increase in fuel theft, especially in the tarpaulin - covered truck aspect.

As a result, it is admitted that these rules are not enforced 100 %. According to the head of the company, the infrastructure is not adapted to such changes. Drivers themselves often take advantage of the opportunity to exceed the weekly driving time, as much as 90 percent. Also, the newly introduced rules on stopping for a border crossing certificate prolong the work only from an administrative point of view.

The respondent claimed, that the price of a driver's workplace was changing, but it was affected by changes in the market, as a result of which the price rose drastically. Company always tries to load the vehicles before returning them, but this is not cost effective. When asked if there were no restrictions on returning the vehicle, whether it would be returned as often, the answer was negative. It is believed to be cheaper to be penalized than forced to return, because the ratio of exports to imports is low. The company returns 70 % naturally and 30 % forcibly, still, over time these figures will change for the company's disadvantage.

Cabotage cooldowns also lead to more downtime, when at least a couple of days are counted per month. Changing drivers also brings difficulties because this change does not satisfy them, and it is difficult to find compromises as the drivers do not tend to innovate. It was mentioned that it is difficult for the carriers to see the advantages brought by the Mobility package.

The research revealed, that so far, the new regulations cause many challenges for Lithuanian transportation companies registered in Lithuania and operating in EU, as it causes ineffective dissemination of workload, cargo and routs. As the implementation of the package is in process, a further research is recommended, to reveal the final impact on the business and systems to be applied.

### **Conclusions**

1. The Mobility package is a set of EU legislation designed to regulate commercial road transport activities, aiming to level the playing field, improve drivers working conditions, reduce environmental pollution, digitalize transportation transactions and introduce time recording in the calculation of drivers' wages.
2. Based on the results of the survey, it is clear that the implementation of the Mobility package has not been smooth and has presented various challenges for the company. Although the rules have been put in place to regulate the industry, it appears that they are

not being fully enforced, leading to issues such as fuel theft and drivers exceeding their weekly driving time.

3. Additionally, the companies are facing difficulties with infrastructure and the rising cost of a drivers' workplace, which has been impacted by market changes. Furthermore, the cooldown periods for cabotage operations are leading to more downtime and changing drivers also presents challenges. Overall, it is apparent that the Mobility package has not been without its drawbacks, and it will require further consideration to ensure that the rules are effectively enforced and the benefits of the package are realized.

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