

EUROPEAN COMMITTEE
UNDER THE GOVERNMENT OF
THE REPUBLIC LITHUANIA

**Evaluation of consequences of the regulation
3821/85/EEC to install recording equipment in the
road transportation**

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Final report summary

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PURPOSE of the study *Evaluation of consequences of the regulation 3821/85/EEC to install recording equipment in the road transportation* was to perform complex evaluation of this regulation in Lithuania, to determine the financial and social consequences and, based on the economic situation in Lithuania, to research possible and realistic regulation implementation period.

According to VĮ Regitra provided information, in 01.02.2001 171 thousands cargo transportation vehicles (owned by juridical and physical persons) and buses (owned by juridical persons) were officially registered in Lithuania. However factual implementation of the regulation 3821/85/EEC should influence substantially fewer transportation vehicles, since:

- A part of registered vehicles does not need recording equipments as there are no such requirements in the regulation 3821/85/EEC;
- A part of transportation vehicles are registered in VĮ Regitra database several times;
- A part of transportation vehicles are not exploited, however they are not crossed out of the VĮ Regitra database.

Therefore, in order to accurately estimate the number of exploited cargo vehicles and buses, to which the regulation 3821/85/EEC applies, the following steps were made:

- ***The analysis of VĮ Regitra database was performed to estimate the number of transportation vehicles, for which the regulation 3821/85/EEC should apply;***
- VĮ Regitra cargo vehicles (registered by juridical persons) and buses (registered by juridical persons) database was combined with the register of a number of licenses provided by the State Road Transportation Inspection for the international cargo transportation business, passenger long route transportation in Lithuania and passenger transportation by international routes). ***The purpose of this step was to specify the number of transportation vehicles with already installed recording equipments.***
- The analysis of register of VĮ Regitra cargo transportation vehicles (registered by juridical and physical persons) and buses (registered by juridical persons) was carried out ***to determine the number of transportation vehicles that, according to EU regulation 3821/85/EEC would not need to install recording equipments (transportation vehicles specified in the 4th paragraph and in the first part of the 14th paragraph of the regulation's 3820/85/EEC).***
- With the help of a specially prepared questionnaire, a random-selective survey of 246 operators of transportation vehicles (all together operators have registered 2,2 thousands vehicles), who would have to start to exploit recording equipments, was carried out. In all calculations the assumption that transportation vehicle park will be renewed and expanded by purchasing new vehicles with already installed recording equipments is valid. The results

from the operators' sample survey are related to the whole population. *The goal of this step was to determine a part of exploited transportation means that are used for commercial purposes, and to analyze among all registered transportation vehicles possible operators' behavior if installation of recording equipments would be a necessity.*

Grounded on the methodology of regulation implementation consequences estimation influence as well as methodology of the specification of a number of transportation vehicles (that, according to the regulation 3821/85/EEC, would have to start using recording equipments), the study showed the following results.

- **Implementation of the regulation 3821/85/EEC will affect the following different economic subject groups:**
 - Operators of the transportation means - cargo and passenger transporters within the country - due to increased transportation costs;
 - Government control institutions that will control recording equipment usage – due to increased volume of control work;
 - Enterprises and organizations that install, distribute, repair and verify recording equipment – due to increased demand;
 - Cargo senders, receivers and passengers – due to increased service price;
 - All taxpayers – due to increased budget expenses for improvement and maintenance of additional control body.
- **At the moment there are 38,5 thousands transportation vehicles in Lithuania that, after the implementation of regulation 3821/85/EEC, would have to start using the recording equipments.** 28% of these vehicles already have installed recording equipments, therefore recording equipments should be installed to the remaining **27,5 thousands** vehicles.

Based on the results from the arbitrary-selective cargo and passenger transportation means operators' survey, it became evident that after the regulation implementation operators of cargo transportation vehicles and buses intend to use recording equipment in the **21,7 thousands transportation vehicles, including:**

- New recording equipments would be installed in the 7,7 thousands vehicles;
- 14,0 thousands transportation vehicles would be exploited with already installed recording equipments (intentions to renew vehicle park are included).

1. table. Exploited transportation vehicles that after the regulation implementation would start using recording equipments

Type of transportation and ownership	With installed recording equipments (thous. units)	Recording equipments will be installed (thous. units)	Planned to be purchased transportation vehicles (thous. units.)
Cargo transportation (juridical person)	7,9	3,7	1,2
Cargo transportation (physical person)	2,5	2,9	1,6
Buses (juridical person)	0,7	1,1	0,06
Total:	11,1	7,7	2,9

- *Additional installment of recording equipments into 7,7 thousands transportation means would require 30,8 mln. litas investments. The costs of newly purchased 2,9 thousands transportation vehicles would amount to 276 mln. litas. Verification and exploitation costs of 21,7 thousands transportation vehicles recording equipments would constitute 3,2 mln. litas yearly.*

2. table. Recording equipment installment costs into 7,7 thousands transportation vehicles, where operators intend to install recording equipments

Type of transportation and ownership	Recording equipment installment costs (mln. Lt)
Cargo transportation (juridical person)	14,8
Cargo transportation (physical person)	11,6
Buses (juridical person)	4,4
Total:	30,8

3. table. Costs of transportation vehicles, which are planned to be purchased

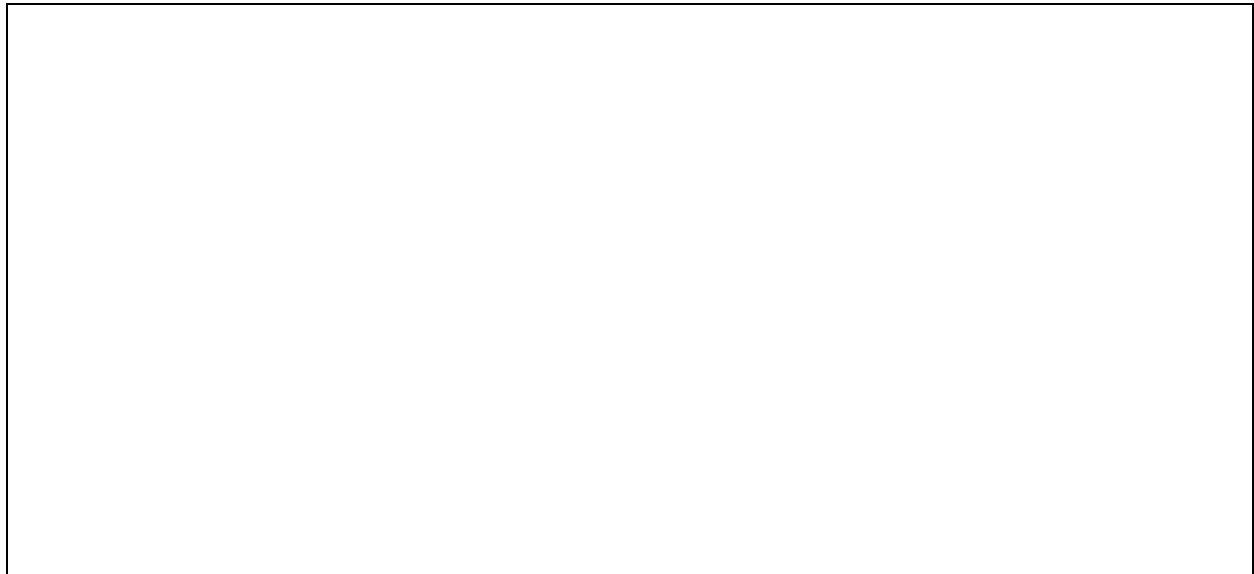
Type of transportation and ownership	Cost of transportation vehicles that are planned to be purchased (mln. Lt)
Cargo transportation (juridical person)	108
Cargo transportation (physical person)	144
Buses (juridical person)	24
Total:	276

4. table. Annual recording equipment exploitation costs of 21,7 thousands transportation vehicles, based on the operators' intentions

Type of transportation and ownership	Annual recording equipment exploitation costs (mln. litas)
Cargo transportation (juridical person)	1,9
Cargo transportation (physical person)	1,0
Buses (juridical person)	0,3
Total:	3,2

- *Enterprises that specialize in the recording equipment installment with present capacities would be able to install recording equipments into 7,7 thousands transportation vehicles during more than three years.*
- The major influence of recording equipment installments would fall on the **transport service (physical persons and road transport), agriculture and related service sectors.**
- *In Lithuania, after the implementation of regulation 3821/85/EEC, the biggest part of recording equipment would be used in the transportation vehicles owned by physical persons, trade, road transportation, agriculture, fishing and related services sectors and in the construction industry.*

1. Graph. The number of transportation vehicles, where recording equipment would be installed. Distribution based on operators activities



- ***Additional costs rooting from obligatory recording equipment installment and exploitation in the transportation vehicles would not be shifted to the end-user since*** not all competing operators would have to install recording equipments. Operators, whose activity is international cargo transportation, do also compete in the domestic market. They exploit transportation vehicles with already installed recording equipments.
- Incremental investments related with recording equipment installment and exploitation will create additional work places in the installment and service sector. The demand for larger scale of control will stipulate additional need of controllers as well. ***Therefore the installment and exploitation of recording equipment will stipulate the creation of new work places.***
- ***The installment and exploitation of recording equipment can stipulate the decrease of illegal transportation services.*** In Lithuania the illegal cargo transportation exist at the moment. These services are often provided by physical persons having the cargo transportation vehicle. Therefore the installment and exploitation of recording equipment would be disadvantageous to illegal transportation service providers and that will force them either to stop providing these services or legalize them.
- ***Recording equipment installment and exploitation costs for one internal cargo vehicle kilometer of a run is 1-3 cnt. This could increase within the country transportation costs by 1-2% and decrease profitability by 5-10%. Therefore it is expected that recording equipment exploitation costs would not have a substantial effect.***
- ***In case in 01.01.2004 Lithuania would approach the EU normative regulations to verify 1% of recording lists, during the 2001-2003 years State Road Control Institution would insure 1,5 mln. litas additional costs (fuel costs are not included).***

- ***The purpose of the transitional period is to soften the negative consequences for the separate economic subjects, industry sectors and the government. Transitional period is recommended due to:***
 - Additional investments would be required in a short period for some industries: agriculture, fishing and related activities, construction and road transportation sectors and that would cause financial difficulties;
 - Transitional period would soften social problems, since physical persons (usually owning 1-2 transportation vehicles) would also have to install recording equipments - with family members this is relevant to 6-7 thousands Lithuanian inhabitants;
 - Since a part of transportation vehicles is quite old, transitional period would give a possibility to the gradual transportation vehicles renewal by not installing recording equipments in those vehicles that are planned not to be exploited during four years;
 - Implementation of the regulation without the transitional period would cause sharp demand increase for the recording equipments and their installment, therefore recording equipment distributors and installers would have to irrationally increase installment capacities;
- ***The awareness of EU regulation of 3821/85/EEC requirement (to exploit cargo transportation vehicles for commercial purposes in the domestic market with installed recording equipment) is quite low and among physical persons reaches 27%, and among juridical persons - 52% operators.***

After evaluation of these circumstances, it is possible to state that transitional period in the Republic of Lithuania due to the regulation 3821/85/EEC implementation is not required, since the demand for investments for the installment of recording equipments is relatively small (0,01% of all value added, by the 2000 y. data). Investments in installments of recording equipments would not cause substantial economic and social consequences to none of the economic sectors. Implementation of recording equipments would equate competitive conditions for all operators of transportation means, since a part of them is already using recording equipments.