



*Comité National Routier*



## EUROPEAN STUDIES

# The Lithuanian road freight transport sector

### 2021 study





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In collaboration with Moreus

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Comité national routier - Paris

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



## WARNING

Following on from the study devoted to the Lithuanian RFT sector realised in 2017, this survey, which was conducted in 2021, 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.

In some cases, data may have been updated to reflect figures from 2022. The representative profiles given are the same as the ones used in the context of the economic conditions prevailing in 2021.

It is also important to note that this study was conducted during the Covid health crisis. Our analysis was intended to focus on pre-Covid figures, i.e. for 2019. However, during the interviews, Lithuanian hauliers found it difficult to make a distinction between the situation in 2021 and that of the previous year. The Covid crisis has had a definite impact on the data contained in this study. This point thus needs to be taken into account when interpreting the findings.



## SUMMARY

Located in the north-east of the European Union Lithuania, like its Baltic neighbours, enjoys a strategic geographical position, which enables its sector to trade with both Western Europe and with Russia and the other countries belonging to the Commonwealth of Independent States (CIS).

Lithuanian road freight transport (RFT) is mainly internationally-focused (i.e., 93% of the sector's total activity). In the latest CNR European ranking, the Lithuanian sector ranks second behind the Polish sector in terms of international cross-trade. However, the Covid crisis in 2020-2021 and the consequences of the Mobility package appear to have had a negative impact on Lithuanian carriers. The annual mileage of a Lithuanian heavy goods vehicle is thus lower than in the last study, 132,300 km/year in 2021 compared to 150,000 km/year in 2017. Drivers with Lithuanian contracts working internationally thus appear to return home more often, on average once every two or three weeks. In 2017, trips were estimated at 24 days, on average. Overall, a driver working internationally travelled 115,000 kilometres in 2021, compared with 136,000 kilometres in 2017. Driver costs increased over the same period, from 23,014€/year in 2017 to 23,847€/year in 2021, an increase of 3.6% in 4 years. This is due to increases in the minimum wage and travel allowances. However, this increase has been offset by a sharp fall in employer contributions, from 32.60% to 3.03% since the last study in 2017. The burden has been partly transferred to employee contributions, which have risen from 9% to 19.5%.

In addition to the changes observed in the operating conditions of vehicles and the costs and working conditions of drivers, it appears that certain cost items have increased over the four years in question. This is the case for tolls (+23.8%), the cost of vehicle ownership (+12.6%) as well as for maintenance and repairs (+11.9%). Conversely, the cost of tyres has fallen sharply since 2017 (down 45%), which can be explained by the fact that Lithuanian hauliers are particularly sensitive to this item.

Overall, in 2021, the total cost of a Lithuanian heavy goods vehicle operating on international routes is estimated to be 0.84€/km. Compared to the 2017 CNR study, this represents an increase of 18%.



# CONTENTS

<b>WARNING</b>	<b>5</b>
<b>SUMMARY</b>	<b>7</b>
<b>1. ECONOMIC, SOCIAL AND ENVIRONMENTAL FRAMEWORK OF THE LITHUANIAN SECTOR</b>	<b>11</b>
<b>1.1. LITHUANIA IN BRIEF</b>	<b>11</b>
<b>1.2. ROAD FREIGHT TRANSPORT IN LITHUANIA</b>	<b>12</b>
TRANSPORT POLICY AND TRANSPORT INFRASTRUCTURE	12
ROAD FREIGHT TRANSPORT OPERATORS	17
THE LITHUANIAN RFT SECTOR – KEY DATA	19
<b>1.3. FISCAL AND LABOUR REGULATIONS APPLICABLE TO ROAD FREIGHT TRANSPORT IN LITHUANIA</b>	<b>23</b>
ROAD FREIGHT TRANSPORT TAXES	23
LABOUR REGULATIONS APPLICABLE TO ROAD FREIGHT TRANSPORT	25
<b>2. OPERATING CONDITIONS AND COSTS FOR A 40-TONNE LITHUANIAN HGV OPERATING INTERNATIONALLY</b>	<b>29</b>
<b>2.1. OPERATING CONDITIONS AND COSTS FOR COMPANIES</b>	<b>29</b>
TRANSPORT EQUIPMENT – Use	29
TRANSPORT EQUIPMENT – Financing	30
FUEL	30
MAINTENANCE & REPAIRS	31
TYRES	31
TOLLS	31
INSURANCE	31
AXLE TAX AND OTHER VEHICLE TAXES	32
OVERHEAD COSTS	32
<b>2.2. EMPLOYMENT CONDITIONS AND DRIVER EMPLOYMENT COSTS</b>	<b>32</b>
WORKING CONDITIONS	32
NOTE ON DRIVING PERSONNEL COST FORMATION	33
TYPICAL PROFILE OF A DRIVER WITH A LITHUANIAN CONTRACT WORKING INTERNATIONALLY AND BREAKDOWN OF THEIR COST	34
<b>2.3. OVERVIEW OF THE OPERATING CONDITIONS AND COSTS OF A “TYPICAL” INTERNATIONAL HGV</b>	<b>35</b>
<b>3. BIBLIOGRAPHY</b>	<b>37</b>



# 1. ECONOMIC, SOCIAL AND ENVIRONMENTAL FRAMEWORK OF THE LITHUANIAN SECTOR

## 1.1. LITHUANIA IN BRIEF

Capital	Vilnius
Area	64,284 km <sup>2</sup>
Population	2,794,090 inhabitants (Eurostat, 2020)
Official EU language(s)	Lithuanian
Political system	Parliamentary Republic
Head of State	Gitanas Nausėda
Prime Minister	Saulius Skvernelis
Minister of Transport	Marius Skuodis
Date of EU membership	1 May 2004
Date of adoption of the euro	1 January 2015
Seats in the European Parliament	11 seats
Currency	Euro
European Commissioner	Virginijus Sinkevičius, Commissioner for the Environment, Oceans and Fisheries
GDP growth (%)	-0.9% (Eurostat, 2020)
Inflation (%)	-1.1% (Eurostat, 2020)
Unemployment rate (% of active population)	8.5% (Eurostat, 2020)
Trade balance	4,723€ million (Eurostat, 2020)
Gross minimum wage	730€ (Eurostat, S1 2022)
Greenhouse gas emissions	7.4 tonnes/inhabitant (Eurostat, 2019)

## 1.2. ROAD FREIGHT TRANSPORT IN LITHUANIA

### TRANSPORT POLICY AND TRANSPORT INFRASTRUCTURE

#### Transport policy

In terms of transport, Lithuania is focusing on the development of the north-south and east-west corridors in its region.

On the north-south transport corridor, the Lithuanian State is prioritising the development of rail thanks to completion of the "Rail Baltica" rail project, which was among the priority projects in the European Union's 2014 Trans-European Transport Network<sup>1</sup> programme. The Rail Baltica route is the main rail link linking the Baltic countries to Poland and other European Union states. This strategy also includes the development of the "Via Baltica" motorway and the "Via/Rail Hanseatica" intermodal project. These two projects will ensure overland interconnectivity between the transport systems of Central-Northern Europe and Western Europe, via Poland and the Russian enclave of Kaliningrad.

As for the east-west corridor, the objective is to expand the hinterland of the port of Klaipėda by means of logistics and road infrastructure connecting the cities of Kaunas and Vilnius. This route is designed to connect the European Union to its eastern neighbours, as well as to countries in Central Asia.

These two projects have been implemented in partnership with the European Union since the country became a member in 2004. They are aimed in particular at supporting Lithuania's economic growth and increasing its share of European trade. Accordingly, Lithuanian transport systems need to be capable of enabling seamless and efficient mobility of both people and goods while at the same time ensuring that the country's economy grows rapidly and remains competitive on international markets.

In this spirit, the Lithuanian "National Transport Development Plan 2014 – 2022" sets out the objectives and defines the strategies to be adopted in the transport sector. According to this plan, developed in 2012, the transport sector "is beneficial for the Lithuanian state, society and economy". The RFT sector is treated as part of a range of transport and logistics services. The plan also highlights the importance of intermodality and combined solutions. Rail and road thus need to complement each other in order to strengthen the competitiveness of the national economy and meet the needs of the region's market. To this end, the Lithuanian government is planning to proceed with electrification of its rail network. Currently, only 9% of the Lithuanian rail network is powered by electricity. On 2 February 2022, the government approved the infrastructure development plan for the Vilnius-Klaipėda railway line and the Klaipėda railway junction – the section from Klaipėda to Draugystės station. In the words of the Ministry of Transport and Communications, the electrified railway system will fulfil the technical and transport needs set out by the European Union and is expected to reduce the impact of transport on the environment.<sup>2</sup> Thus, with the completion of the Vilnius-Klaipėda electrification project at the end of 2023, 30% of the rail network should be electric.<sup>3</sup>

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<sup>1</sup> The Trans-European transport network (TEN-T) is a programme aimed at developing the European Union's transport infrastructure, as determined by the European Parliament and Council.

<sup>2</sup> <https://sumin.lrv.lt/en/news/government-approves-the-plan-to-electrify-railway-sections>

<sup>3</sup> <https://sumin.lrv.lt/en/news/minister-of-transport-and-communications-the-transport-sector-is-entering-a-zero-emission-revolution-and-by-2030-we-will-see-a-major-shift-towards-greening>

## Climate policy – environment

### General policy

As a member of the European Union, Lithuania is required to respect the commitments made at European level, such as those included in the Paris agreement. The 3 European objectives for 2030 on which the environmental policies in Lithuania are based are:

- Reducing of greenhouse gas emissions by 40% compared to 2005.
- Improving energy efficiency by at least 32.5%.
- Increasing the share of renewable energy sources in the energy mix to 32%.

As stipulated at the European level, Lithuania submitted a National Energy and Climate Plan (NECP) at the end of 2019 detailing the measures that will be put in place to meet climate change targets. As a reminder, non-compliance with these commitments would cost the country up to 300€ million, in terms of emission quotas.

According to the Lithuanian government, implementing the NECP will cost 14 billion euros, with 9.6 billion euros coming from public funds (national and European).<sup>4</sup> Lithuania – along with Denmark, Estonia, Spain and Portugal – is one of the most ambitious European countries in terms of renewable energy development. The country plans to exceed the overall 2030 EU target for clean energy production by a factor of 1.5 (compared to 2017) thanks to solar, wind and biomass power generation, the use of biofuels, the renovation of public and residential buildings (by 2024, 1,000 residential buildings per year will be renovated) and the promotion of energy efficiency in industry and services. Over the past 10 years, the use of renewable energy has increased rapidly, accounting for 22.5% of the country's energy needs in 2018, compared to an OECD average of 10.5%.<sup>5</sup> Lithuania aims to increase the share of renewable energy to at least 45% of final energy consumption by 2030, 80% by 2050, including 100% of its electricity mix. This represents a significant challenge, as the Lithuanian energy mix in 2018 was still mainly fossil-fuel based, accounting for almost 80% of total production. The share of natural gas has grown substantially, especially with the construction of the LNG terminal in Klaipėda.<sup>6</sup>

Lithuania aims to reduce its greenhouse gas emissions by 9% by 2030 compared to 2005, in line with the EU's Effort Sharing Regulation<sup>7</sup>. This effort-sharing regulation sets out the minimum contributions required from Member States to reduce greenhouse gas emissions between 2021 and 2030. It covers sectors not included in the EU emissions trading scheme (ETS),<sup>8</sup> namely transport, buildings, agriculture and waste. These targets are defined based on GDP per capita, taking into account each state's ability to reduce its emissions. According to the Lithuanian NECP, the implementation of these different measures by 2030 would reduce greenhouse gas emissions by 8.1% in the transport sector, 9.1% in agriculture and 52.4% in the waste sector.<sup>9</sup>

In June 2021, the Lithuanian Parliament adopted the National Climate Change Management Programme. It sets short-term (by 2030), medium-term (by 2040) and long-term (by 2050) targets to

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<sup>4</sup> <https://lrv.lt/en/news/lithuanias-ambitions-to-combat-climate-change>

<sup>5</sup> [https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ECO/WKP\(2021\)18 & docLanguage=En](https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ECO/WKP(2021)18 & docLanguage=En)

<sup>6</sup> European Commission (2019), "Energy, Transport and Environment Statistics", <http://dx.doi.org/10.2785/499987>.

<sup>7</sup> <https://www.europarl.europa.eu/news/fr/headlines/society/20180208STO97442/reduction-des-emissions-de-gaz-a-effet-de-serre-dans-l-ue-objectifs-pour-2030>

<sup>8</sup> [https://ec.europa.eu/clima/eu-action/eu-emissions-trading-system-eu-ets\\_fr](https://ec.europa.eu/clima/eu-action/eu-emissions-trading-system-eu-ets_fr)

<sup>9</sup> <https://lrv.lt/en/news/lithuanias-ambitions-to-combat-climate-change>

mitigate the effects of climate change. The main objective is to reduce non-ETS greenhouse gas emissions: a reduction of 85% by 2040 and of 100% by 2050, compared to 1990.<sup>10</sup>

### *Transport sector policy*

With regard to the transport sector, the NEPC includes few changes. Taxes and charges related to the transport sector are the lowest in the European Union and do not take into account the environmental performance of vehicles. The latter are not taxed in Lithuania on the basis of their CO<sub>2</sub> emissions. Incentives to purchase vehicles with low CO<sub>2</sub> emissions are minimal and only began in 2019 in the form of purchase rebates. In 2020, the Lithuanian government introduced subsidies for the purchase of electric cars: 4,000€ for a new vehicle and 2,000€ for a used vehicle.<sup>11</sup> Furthermore, excise duties on diesel and other fuels are among the lowest in the EU. The European Commission has thus recommended that Lithuania introduce new environmental taxes or increase existing ones.<sup>12</sup>

It should be noted that fuel and energy consumption increased by 42.4% between 2010 and 2018. Diesel consumption increased by 11% between 2010 and 2018, accounting for 74% of fuel consumption in the transport sector. Road transport alone accounts for 90% of the total fuel consumption in the transport sector. Diesel vehicles dominate public transport and freight fleets. The share of renewable energy in transport fell from 4.6% in 2015 to 3.7% in 2017 due to an increase in energy consumption in the transport sector. Most renewable energies in the sector are made up of biofuels and only a small portion is made up of electricity consumption by railways and trams.<sup>13</sup>

The law on alternative fuels adopted in March 2021 thus introduces changes affecting the transport sector. In particular, it plans to install 6,000 public electric charging terminals by 2030.

From 2026, all buses and cars purchased through public contracts must be clean. Thus, by 2029, all public road passenger transport, including taxis and private car services, will be required to be converted to use alternative fuels. The law also provides for the introduction of low-emission zones (LEZ) in cities to promote the switch to clean vehicles.<sup>14</sup> Currently, 20 towns are working to implement their sustainable urban mobility plans.<sup>15</sup>

By 2030, Lithuania aims to have 70% of rail freight transported by electric trains and for 14% of passenger cars to be electric. Ultimately, these measures are expected to reduce Lithuania's total fuel consumption<sup>16</sup> by 24%.

### *Transport infrastructure and use*

**Modal split of freight transport in % (according to tonne-kilometres)**

2019	Road	Rail	Inland waterways
European Union	77.4%	22.6%	5.6%
<b>Lithuania</b>	<b>32.6%</b>	<b>67.4%</b>	<b>0.0%</b>

Source: Eurostat

<sup>10</sup> <https://e-seimas.lrs.lt/portal/legalAct/lt/TAP/093497e071f511eb9fc9c3970976dfa1?positionInSearchResults=0&searchModelUUID=9c6a9ef9-15d3-49b7-b779-3a1f6864d028>

<sup>11</sup> [https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ECO/WKP\(2021\)18 & docLanguage=En](https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ECO/WKP(2021)18 & docLanguage=En)

<sup>12</sup> [https://ec.europa.eu/energy/sites/ener/files/documents/lt\\_final\\_necp\\_main\\_en.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/lt_final_necp_main_en.pdf)

<sup>13</sup> [https://ec.europa.eu/energy/sites/ener/files/documents/lt\\_final\\_necp\\_main\\_en.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/lt_final_necp_main_en.pdf)

<sup>14</sup> <https://enmin.lrv.lt/en/news/the-law-on-alternative-fuels-has-been-passed-how-the-transport-sector-will-change-over-the-next-decade>

<sup>15</sup> [https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ECO/WKP\(2021\)18 & docLanguage=En](https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ECO/WKP(2021)18 & docLanguage=En)

<sup>16</sup> <https://enmin.lrv.lt/en/news/the-law-on-alternative-fuels-has-been-passed-how-the-transport-sector-will-change-over-the-next-decade>

### The road network

Lithuania's geographical location means that its road infrastructure is ideally suited to becoming a bridge between Europe and Central Asia. Indeed, it is currently possible to reach Kazakhstan by road from the port of Klaipėda. The roads of the European Union and Russia intersect in Lithuania.

In 2019, the Lithuanian road network totalled 85,966 kilometres in length, including:

- 403 km of motorways
- 1,742 kilometres of European roads
- 20,835 kilometres of national roads
- 63,848 kilometres of B roads<sup>17</sup>



Source: Lithuanian ministry of Transport

Lithuania has classified its entire network of motorways and urban motorways as "A" roads. These roads require that trucks and coaches purchase a toll sticker. These roads are listed in the following table:

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<sup>17</sup> Eurostat data

### Lithuanian roads concerned by the vignette

<b>A1</b>	Vilnius–Kaunas–Klaipėda (10–303,74 km)
<b>A2</b>	Vilnius–Panevėžys (12–132,7 km)
<b>A3</b>	Vilnius–Minsk (6,65–32,91 km)
<b>A4</b>	Vilnius–Varena–Grodno (15,51–133,96 km)
<b>A5</b>	Kaunas–Marijampolė–Suwalki (0,23–97,06 km)
<b>A6</b>	Kaunas–Zarasai–Daugavpils (6,02–185,4 km)
<b>A7</b>	Marijampolė–Kybartai–Kaliningrad (2–42,21 km)
<b>A8</b>	Panevėžys–Aristava–Sitkūnai (7,5–87,86 km)
<b>A9</b>	Panevėžys–Šiauliai (5–75,7 km)
<b>A10</b>	Panevėžys–Pasvalys–Riga (4,57–66,10 km)
<b>A11</b>	Šiauliai–Palanga (2,65–146,41 km)
<b>A12</b>	Riga–Šiauliai–Taurage–Kaliningrad (0–49,7 km; 59,4 – 186,1 km)
<b>A13</b>	Klaipėda–Liepaja (11–24,77 km; 26–45,15 km)
<b>A14</b>	Vilnius–Utena (10,66–95,6 km)
<b>A15</b>	Vilnius–Lida (10,66–49,28 km)
<b>A16</b>	Vilnius–Prienai–Marijampolė (15,55–135,48 km)
<b>A17</b>	Panevėžys périphérique (0–22,28 km)
<b>A18</b>	Šiauliai périphérique (0–17,08 km)

Source: Lithuanian ministry of Transport

#### *The rail network*

A legacy of the Soviet era, the country's railway network is well developed, like in the other Baltic states. Certain infrastructure is already in place, such as the "Viking" rail corridor, linking the Lithuanian port of Klaipėda to the Ukrainian port of Odessa, via Belarus. The east-west rail corridor between Klaipėda and Moscow, which also passes through Vilnius and Minsk, is another major route. Rail transport accounts for around 67.4% of the country's total freight transport, a figure which was well above the European average (22.6%) in 2019.

Lithuania is banking on the development of railways, in particular via the "Rail Baltica" project, which is the focus of the bulk of the country's rail infrastructure investment. This project connects the countries located in northern and central parts of the European Union via the cities of Helsinki, Tallinn, Pärnu, Riga, Panevėžys, Kaunas, Vilnius and Warsaw. It thus aims to integrate the Baltic countries into the European rail transport network.<sup>18</sup>

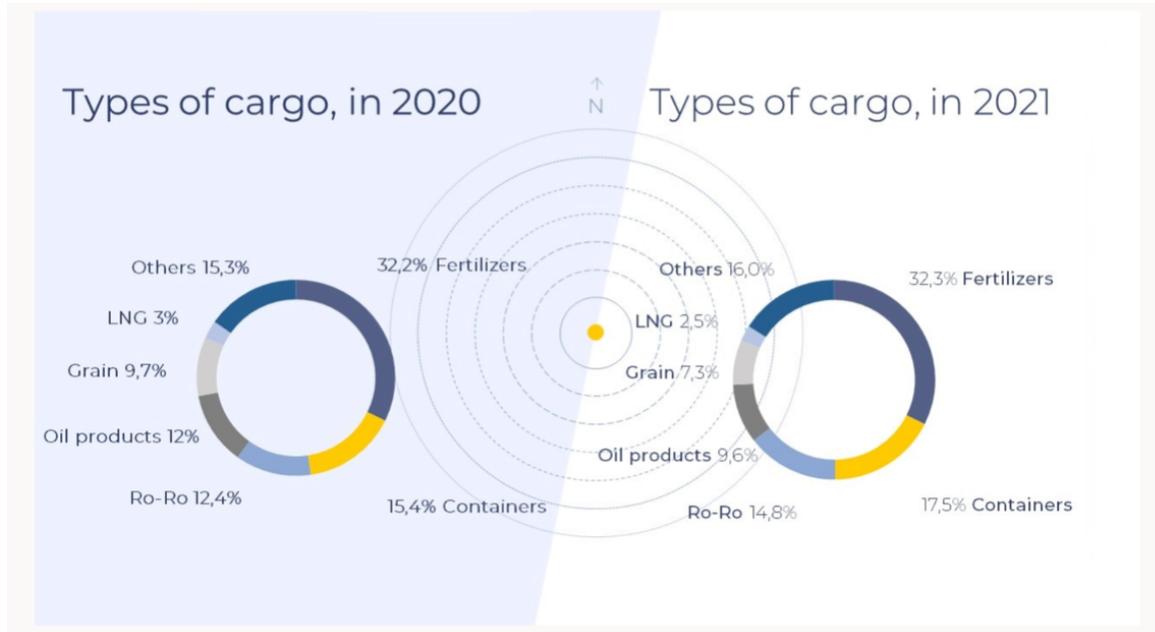
<sup>18</sup> <https://www.railbaltica.org>

## Ports

The country's maritime infrastructure is being developed in tandem with the connections linking it with the road and rail networks. The Lithuanian government plans to increase the depth of the main Klaipėda port basins and to renovate the port of Šventoji, located in the Baltic Sea.

The port of Klaipėda is the largest port in the country. In 2021, 45.6 million tonnes of goods passed through the port, on over 6,550 ships.

**Details of the types of goods passing through the port of Klaipėda in 2020 and in 2021**



Source: Port of Klaipėda

## ROAD FREIGHT TRANSPORT OPERATORS

### Institutional stakeholders

#### *Lithuanian Road Administration*

It is placed under the authority of the Ministry of Transport and Communications. Its remit is to implement policies in the following areas: road safety and maintenance as well as the development of Lithuanian roads. It is also responsible for road and motorway construction projects and engineering works.

#### *Road Transport Inspectorate*

The Road Transport Inspectorate is a financially independent public body that belongs to the Ministry of Transport and Communications. It issues national and international licenses to road transport companies. It is also responsible for organising examinations and providing certificates of professional aptitude and for the transport of dangerous goods.

It runs the country's bus stations. Lastly, it is responsible for the implementation of bilateral agreements outside the European Union.

## Professional associations

### *LINAVA,<sup>19</sup> the Lithuanian Association of National Road Hauliers*

Founded in 1991, it currently comprises almost 1,000 road transport companies, with a combined fleet of 22,000 commercial vehicles and 3,000 buses. Its headquarters are in Vilnius and the organisation has a significant regional presence as well as an office in Moscow, Russia.

LINAVA has been an active member of the IRU since 1992. Road passenger and freight transport operators are represented by their respective advisers within the organisation.

LINAVA also lobbies on matters relating to vehicle insurance and domestic RFT sector regulations. LINAVA's primary purpose is to represent the entire road transport sector and to defend the interests of Lithuanian hauliers at national and international levels.

The association assists its members in the following areas:

- recovery of foreign VAT,
- issuance of visas to drivers,
- negotiation of insurance contracts,
- continuous updating of information sheets on Russian and Belarusian regulations,
- legal matters in Russia,
- contracts with service and fuel providers (Statoil).

### *LSMCA, the Association of Small and Medium-Sized Lithuanian Road Hauliers*

Founded in 2004, LSMCA aims to create a more level playing field between the major operators in the RFT sector and SMEs. In 2013, the association had 24 members.

LSMCA works with the Lithuanian government and regulatory institutions to bring about a more business-friendly environment for small businesses lacking financial resources.

The association reports that it works jointly with LINAVA on economic issues in order to represent the interests of the small businesses in its ranks. The two associations are involved in joint projects for purchasing fuel in bulk and for lowering the cost of telecommunications for businesses.

### *"Lietuvos Keliai"<sup>20</sup> association*

"Lietuvos Keliai" is an independent organisation comprising large public transport and construction companies and scientific organisations. The association's main focus is on the construction of roads and infrastructure that serve to bolster the country's RFT sector. The members of the association carry out public works amounting to 260 million euros annually.

### *LINEKA<sup>21</sup>, the Lithuanian Association of Freight Forwarders and Logistics Operators*

Founded in 1993, LINEKA brings together more than 50 Lithuanian companies engaged in freight forwarding, logistics or technical support activities and that account for more than 60% of the transport sector's turnover. It is a member of FIATA (International Federation of Freight Forwarders

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<sup>19</sup> <http://www.linava.lt>

<sup>20</sup> <https://www.lietuvoskeliai.lt>

<sup>21</sup> <https://www.lineka.lt>

Associations). The association seeks to develop relations between freight forwarders and logistics organisations in foreign markets. It also participates in the training of specialists and is particularly focused on improving the quality of services in the sector.

#### *“Transeksta”<sup>22</sup> association*

Transeksta is comprised of 10 companies that operate roadworthiness testing centres throughout the country. In total, there are 68 such centres in the country, all located within 30 kilometres of any potential haulier. The association’s members employ a total of 400 employees.

#### Trade union organisations

There are a number of unions representing workers in the road transport sector, but they do not have a large membership. Typically, they represent public sector workers and a small proportion of private sector drivers. The most important of these unions is Forum (Lithuanian Transport Workers Union).

As part of the process of social dialogue, Forum cooperates with LINAVA. LINAVA is also in direct contact with unions in other sectors engaged in transport on their own behalf.

Forum has worked hard to reduce VAT from 21% to 9% for public transport companies, which came into effect on 1 January 2013.

### THE LITHUANIAN RFT SECTOR – KEY DATA

#### Structure of the Lithuanian RFT sector in 2019

**Structure of the Lithuanian RFT sector in 2019**

2019	Goods transported	Tonne-kilometres achieved		Average distance	Vehicle-kilometres achieved
	Thousand tonnes	million t.km	%	km	million vehicle.km
<b>TOTAL</b>	<b>100,802</b>	<b>53,117</b>	<b>100.0%</b>	<b>527</b>	<b>3,240</b>
Domestic transport	43,585	3,555	6.7%	82	293,000
International transport	57,217	49,562	93.3%	866	2,947
<i>International transport of goods loaded in Lithuania</i>	6,672	6,972	13.1%	1 045	410
<i>International transport of goods unloaded in Lithuania</i>	5,231	6,016	11.3%	1 150	355
<i>Cross-trade</i>	33,413	31,465	59.2%	942	1,856
<i>Cabotage</i>	11,902	5,110	9.6%	429	326

Source: Eurostat

Lithuanian road freight transport is mostly internationally focused. Domestic activity accounts for less than 7% of overall business. In terms of international activity, it is worth noting the prominence cross-trade, which alone accounts for 59.2% of the Lithuanian RFT sector's activity (i.e. 63.5% of its international activity).

<sup>22</sup> <https://www.vta.lt>

## Evolution of the Lithuanian RFT sector

Evolution of the Lithuanian RFT sector in million tonne-kilometres

Million tonne-kilometre	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	AAGR*
<b>TOTAL</b>	<b>20,419</b>	<b>17,757</b>	<b>19,398</b>	<b>21,512</b>	<b>23,449</b>	<b>26,338</b>	<b>28,067</b>	<b>26,485</b>	<b>30,974</b>	<b>39,099</b>	<b>43,590</b>	<b>53,117</b>	9.08%
Domestic transport	2,560	2,633	2,292	2,320	2,438	2,540	2,768	2,913	2,970	3,184	3,642	3,555	3.03%
International transport	17,859	15,124	17,106	19,192	21,011	23,798	25,299	23,572	28,004	35,915	39,948	49,562	9.72%

Source : Eurostat

\*Average annual growth rate

Despite a drop in international activity in 2009, the Lithuanian RFT sector has recovered since 2010 and has been on the rise since then, with international volumes more than 2.5 times higher in 2019 than their pre-2009 economic crisis levels. Between 2008 and 2019, overall activity grew at an average rate of 9.08% annually. Domestic transport is growing at a slower rate than international transport, averaging 3.03%/year compared to an average increase of 9.8%/year in the international activity of the Lithuanian sector. In 2019, international business accounted for 93% of total activity.

## Cabotage

Cabotage carried out by the Lithuanian sector accounts for 9.6% of international road transport in 2019 and represents an important area of development. In the space of 11 years, Lithuanian cabotage activity has increased by approximately 47% per year on average. Lithuania is ranked 2nd in the EU when it comes to cabotage.<sup>23</sup>

Cabotage under Lithuanian flag in total and in the 3 main "cabotaged" countries

Million tonne-kilometre	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	AAGR*
<b>Cabotage under Lithuanian flag</b>	<b>75</b>	<b>70</b>	<b>74</b>	<b>82</b>	<b>160</b>	<b>311</b>	<b>506</b>	<b>918</b>	<b>1,404</b>	<b>2,567</b>	<b>3,885</b>	<b>5,110</b>	46.78%
<i>in Germany</i>	15	23	21	31	65	136	163	271	464	899	1,295	1,948	55.65%
<i>in France</i>	15	30	30	29	44	97	196	335	584	1,202	1,691	2,124	56.87%
<i>in the United Kingdom</i>	21	-	6	8	15	22	33	63	73	41	108	126	17.69
<b>Share of cabotage in Lithuanian transport %</b>	<b>0.37</b>	<b>0.39</b>	<b>0.38</b>	<b>0.38</b>	<b>0.68</b>	<b>1.18</b>	<b>1.80</b>	<b>3.47</b>	<b>4.53</b>	<b>6.57</b>	<b>8.91</b>	<b>9.62</b>	-

Source : Eurostat

AAGR: Average annual growth rate

The three countries where the Lithuanian sector carries out the most cabotage are Germany, France and the United Kingdom. The number of tonne-kilometres involved in this cabotage activity in Germany and France has increased significantly since 2013.

Cabotage in Lithuania

Million tonne-kilometre	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	AAGR
<b>Cabotage in Lithuania</b>	<b>5</b>	<b>14</b>	<b>9</b>	<b>7</b>	<b>7</b>	<b>74</b>	<b>28</b>	<b>21</b>	<b>29</b>	<b>53</b>	<b>133</b>	<b>94</b>	35.57%
Penetration rate of cabotage*	0.19%	0.53%	0.39%	0.30%	0.29%	2.83%	1.00%	0.72%	0.97%	1.64%	3.52%	2.58%	-
Market share of cabotage**	0.33%	0.89%	0.67%	0.50%	0.48%	4.62%	1.58%	1.09%	1.38%	2.33%	4.92%	3.52%	-

Source : Eurostat

AAGR: Average annual growth rate

\*cabotage under foreign flag / total domestic transport (total domestic transport = total domestic transport + cabotage under foreign flag)

\*\*cabotage under foreign flag / (domestic transport for hire or reward of the country + cabotage under foreign flag)

Cabotage activity conducted in Lithuania has increased in the space of 11 years by an average of 30%/year, rising from 5 million tonne-kilometres in 2008 to 94 million tonne-kilometres in 2019. Business volumes remain low but are on the rise, particularly since 2018.

<sup>23</sup>CNR – 2018 European RFT ranking

By contrast, Lithuania carries out 54 times more cabotage than is carried out on its soil by other national sectors.

### RFT companies

#### Evolution of the number of companies, employees and turnover in the Lithuanian RFT sector

Year	Number of RFT companies	Turnover, in million euros	Number of employees
2010	3,843	2,152	38,174
2011	4,192	2,716	43,041
2012	4,449	3,021	47,698
2013	4,812	3,256	51,576
2014	5,158	3,346	54,416
2015	5,378	3,420	55,920
2016	5,532	3,860	62,006
2017	5,822	4,632	68,694
2018	6,066	5,855	80,808

Source: Eurostat

The number of RFT companies in Lithuania increased between 2010 and 2018, i.e. 5.9% per year over eight years. Road freight transport revenues also increased over the same period, rising at an average annual rate of 13.3%. The number of people employed in the sector also increased over this period, i.e. up 9.8% per year over 8 years.

#### Number of RFT and removal companies depending on size classes (employees) in Lithuania

Size classes	2015	2016	2017	2018	2018 Structure
From 0 to 1 employee	1,421	1,496	1,619	1,776	28.65%
From 2 to 9 employees	3,000	3,018	3,062	3,103	50.05%
From 10 to 19 employees	560	622	663	671	10.82%
From 20 to 49 employees	363	374	398	430	6.94%
From 50 to 249 employees	157	171	178	191	3.08%
250 employees and more	19	24	29	29	0.47%
<b>Total</b>	<b>5,520</b>	<b>5,705</b>	<b>5,949</b>	<b>6,200</b>	<b>100.00%</b>

Source: Eurostat

Almost 79% of RFT and removals companies are very small, with fewer than 10 employees. The Lithuanian road freight transport sector is fragmented.

### Key figures on RFT employment in Lithuania, 2018

Companies number	6,066
Turnover - million €	6
Employees' cost - million €	978
<i>Wages and salaries- million € (a)</i>	816
<i>Social security costs - million € (b)</i>	162
Apparent employer contribution rate (b/a)	19.9%
Number of persons employed	82,123
<i>Unpaid persons employed</i>	1,315
<i>Employees</i>	80,808
<i>Share of employed in total workforce</i>	98.4%
Average number of persons employed per company	14
Average cost of employee in €	12,100
Added value per employee in €	20,800
Turnover per person employed	71,300
Investment per person employed in €	10,800
Investment rate (Investment/Added value)	52.9%

Source : Eurostat

### Vehicle fleet

#### Vehicle fleet in Lithuania

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Road tractor	23,327	25,430	27,671	23,510	24,781	28,138	30,914	35,923	40,404
Trailers and semitrailers	47,583	51,159	53,569	39,965	40,527	42,996	45,854	52,310	57,126

Source: Eurostat

The fleet of vehicles has steadily increased over the period 2011-2019. The number of tractors recorded in Lithuania has risen (up 7.1% per year on average over this period).

### 1.3. FISCAL AND LABOUR REGULATIONS APPLICABLE TO ROAD FREIGHT TRANSPORT IN LITHUANIA

#### ROAD FREIGHT TRANSPORT TAXES

##### Corporate tax

The standard corporate tax rate in Lithuania is 15%. However, small companies are entitled to a reduced rate of 0% to 5% under certain conditions. For example, companies with fewer than ten employees and less than 300,000 euros in gross annual turnover are eligible for a reduced rate of 0% for the first year of operation and 5% thereafter.<sup>24</sup>

##### VAT

The standard VAT rate in Lithuania is 21%.

A reduced rate of 9% is levied on passenger transport services, books and hotels.

A reduced rate of 5% is levied on pharmaceuticals and other medical devices.<sup>25</sup>

##### Tax on motor vehicles – Transporto priemonių savininkų ar valdytojų naudotojų mokestis

This tax only applies to commercial vehicles registered in Lithuania. It applies to all vehicles of 12 tonnes or more (categories N2 and N3), as well as to trailers and semi-trailers (category O4).

The fee for a 40-tonne, 5-axle semi-trailer truck with air suspension is 654€ per year. The tax must be paid before the vehicle is inspected for roadworthiness.

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<sup>24</sup> <https://taxsummaries.pwc.com/lithuania/corporate/tax-administration>

<sup>25</sup> <https://www.vmi.lt/evmi/en/pridetines-vertes-mokestis2>

Semi-trailer trucks	
GVW between 40 and 41 tonnes with 5 or more axles, according to ISO standards	
Air suspensions	654 €
Other types of suspensions	967 €
GVW between 41 and 42 tonnes with 5 or more axles, according to ISO standards	
Air suspensions	666 €
Other types of suspensions	984 €
GVW between 42 and 43 tonnes with 5 or more axles, according to ISO standards	
Air suspensions	680 €
Other types of suspensions	1,013 €
GVW between 43 and 44 tonnes with 5 or more axles, according to ISO standards	
Air suspensions	695 €
Other types of suspensions	1,042 €

Source: <https://www.e-tar.lt>

### Vignette

In order to use Lithuanian roads A1 to A18, heavy goods vehicles are required to purchase a vignette. The rates have remained unchanged since 10 January 2015. The vignette for a 40-tonne Euro V heavy goods vehicle is 753€/year.

Amounts of the vignette in Lithuania since 2015

Type of vehicle			Amounts (in €)						
			Annually		Monthly		Weekly		Daily
			Euro IV and more	Euro 0,I,II,III	Euro IV and more	Euro 0,I,II,III	Euro IV and more	Euro 0,I,II,III	
Commercial vehicles and semi-trailer trucks	N1	3,5t and less	304 €	304 €	28 €	28 €	14 €	14 €	6 €
	N2	More than 3,5t until 12t included	550 €	753 €	52 €	75 €	26 €	37 €	11 €
	N3	More than 12t	753 €	1 071 €	75 €	107 €	37 €	52 €	11 €
	N1-N3	Until 16t if the vehicle is for agricultural use	304 €	304 €	28 €	28 €	14 €	14 €	6 €
Special Purpose Vehicles	M2-M3		347 €	347 €	28 €	28 €	14 €	14 €	6 €
	N1-N3								

Source: Lithuanian ministry of Transport

A total of 1,704 kilometres out of the total 85,966 kilometres of roads in Lithuania are subject to the vignette, i.e. 2%.

### Excise duty on commercial diesel fuel

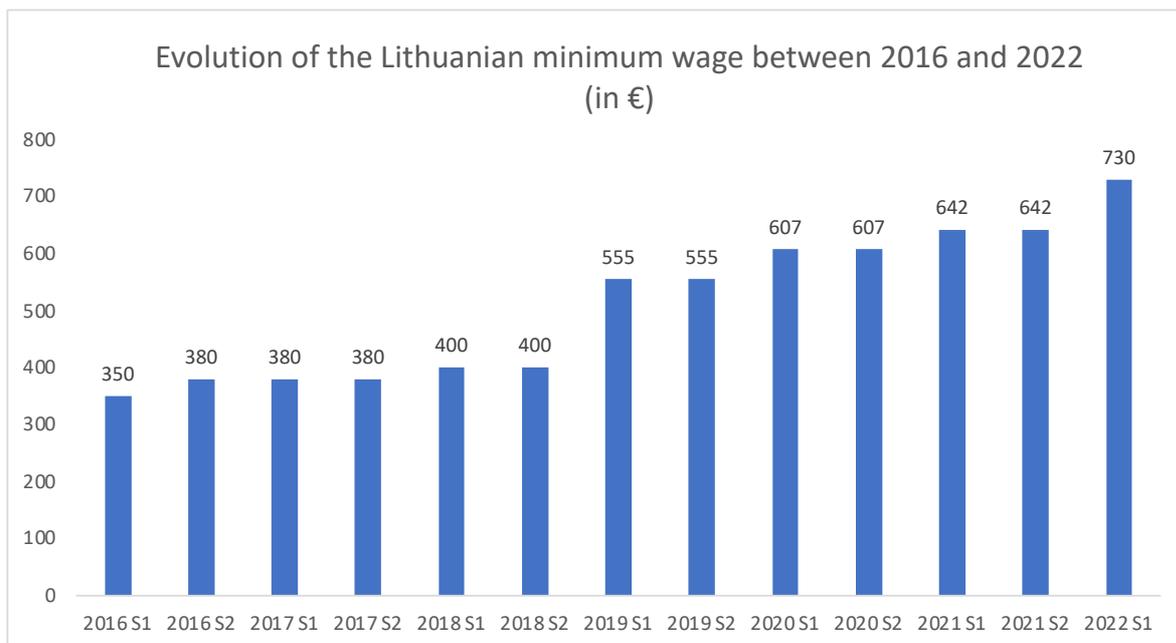
In accordance with Directive 92/12/EC and 2008/118/EC, Lithuania has instituted an excise duty system.

As of 2 March 2020, the excise duty on diesel was 37.20€/hl. There is no provision for partial refund of excise duties on commercial diesel in Lithuania.<sup>26</sup>

## LABOUR REGULATIONS APPLICABLE TO ROAD FREIGHT TRANSPORT

### Pay rates

In 2020, the Lithuanian minimum wage was 607€ gross per month. In 2021, it amounted to 642€ gross per month, reaching 730€ gross per month on 1 January 2022, i.e. a sharp increase of more than 20% in 2 years. With an increase of nearly 14% between 2021 and 2022, this is the largest increase in the Lithuanian minimum wage in a decade. In 6 years, the Lithuanian minimum wage has doubled.



### Paid leave

Lithuanian workers are entitled to at least 20 working days of paid leave, or 24 working days for those working 6 days per week.<sup>27</sup> They also have the possibility to spread out their paid leave but are obliged to take at least 10 days in a row once a year, or 12 days if they work 6 days a week. Unpaid leave cannot be replaced by payment of salary or other bonuses.

There are 12 public holidays in Lithuania.

<sup>26</sup> Excise duties and mechanisms for partial refunds on diesel in Europe - CNR study, 19 March 2020

<sup>27</sup> <https://www2.deloitte.com/lt/en/pages/legal/articles/new-labour-code-in-lithuania.html>

### Travel allowances

The amounts of travel allowances for all employees, including road drivers, are set by the Ministry of Finance (decree of 21 November 1996, amended several times). These allowances are calculated based on the amount of time spent abroad, but it is customary to grant a full day of travel allowance in most cases. Rest days spent abroad may also be treated as travel days and thus give rise to the payment of the same travel allowances. The rules for granting travel allowances are set out in each individual company agreement.

Travel allowances are not subject to social security contributions or income tax.

#### **Travel allowances in each country available in 2021 (the European Union)**

Country	Amounts in €
Germany	62 €
Austria	63 €
Belgium	61 €
Bulgaria	39 €
Cyprus	62 €
Croatia	40 €
Denmark	80 €
Spain	58 €
Estonia	47 €
Finland	69 €
France	63 €
Greece	55 €
Hungary	48 €
Ireland	69 €
Italy	63 €
Latvia	44 €
Luxembourg	61 €
Malta	32 €
The Netherlands	64 €
Poland	48 €
Portugal	56 €
Czech Republic	50 €
Romania	35 €
The United Kingdom	61 €
Slovakia	53 €
Slovenia	47 €
Sweden	65 €

Source: Lithuanian Ministry of Finance

## Social security contributions

The law of 30 June 2018, which reformed the social security contribution system, drastically changed the breakdown of the share of contributions paid by employers and employees.<sup>28</sup> Employer contributions fell sharply, from 32.6% to 3.03%<sup>29</sup>. This reduction was partly passed on to employee contributions, which increased from 9% to 19.5%.

**Social contributions in Lithuania as of January 1st, 2022**

Social contributions	Employer	Employee	Total
<b>Pension (old age, invalidity, survivors)</b>		8.72%	8.72%
<b>Sickness - maternity</b>			
Sickness benefits in kind		6,98%	6,98%
Cash sickness benefits		3,80%	3,80%
<b>Unemployment</b>	1.31% (1)	-	1,31%
<b>Occupational injuries and professional illness</b>	Between 0.14% and 1.40% (2)	-	
<b>Guarantee fund (3)</b>	0.16%		0,16%
<b>Compensation fund for long-term jobs (4)</b>	0.16%		0,16%
<b>Total</b>	<b>Between 1.77% and 3.03% according to the occupational injuries and professional illness rate applied</b>	<b>19.50%</b>	<b>Between 21.77% and 23.03% according to the occupational injuries and professional illness rate applied</b>

Source: Cleiss

(1) In the case of a fixed-term contract, the contribution amounts to 2.03%

(2) Four different contribution rates have been defined according to the risks in the companies: 0.14%, 0.47%, 0.70% and 1.40%.

(3) Fund dedicated to the compensation of employees in the event of the bankruptcy of their employer

(4) Fund dedicated to the payment of severance pay (depending on the seniority of the employee in the company)

Healthcare contributions are calculated based on total gross salary. The remaining contributions are levied on earnings up to 6 times the national average wage, i.e. 90,246€ per year. Apart from a few exceptions, if the salary is below the minimum wage in Lithuania, the employer is obliged to pay contributions on the basis of the national minimum wage. In this case, the employer must also supplement the employee's share (the employee only pays contributions on the basis of his actual salary).<sup>30</sup>

The social security contributions in the case of driving staff are as follows: 3.03% for the employer and 19.5% for the employee.

<sup>28</sup> <https://home.kpmg/xx/en/home/insights/2018/07/flash-alert-2018-100.html>

<sup>29</sup> In the case of an occupational accident and illness rate of 1.4%.

<sup>30</sup> <https://www.cleiss.fr/docs/cotisations/lituanie.html>

### Personal income tax

An income tax rate of 20% is levied on income up to 90,246€ per year (2021 figure). A rate of 32% applies to the portion in excess of this amount.

Income from dividends is taxable at a fixed rate of 15%.

In 2021, annual revenues below 4,800€ gross per year (400€ gross monthly) were exempt from tax. For income above 400€ gross per month, tax deductions are graduated based on a formula for calculating deductions that is revised each year.

The Inspectorate General for Taxes and Duties, part of the Ministry of Finance, is responsible for collecting income tax.<sup>31</sup>

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<sup>31</sup> <https://finmin.lrv.lt/en/competence-areas/taxation/main-taxes/personal-income-tax>

## 2. OPERATING CONDITIONS AND COSTS FOR A 40-TONNE LITHUANIAN HGV OPERATING INTERNATIONALLY

This part of the study describes the economic and social conditions prevailing in 2021, at the time this updated study was conducted. In carrying out this study, CNR has drawn on research focused primarily on the fiscal and labour aspects of the RFT sector, as well as on previous CNR studies of the country and feedback from the experts with whom CNR collaborates. These different sources provide an overview of the Lithuanian RFT sector internationally and highlight the main developments observed since the last study. This research and process of dialogue are further backed up by interviews with Lithuanian hauliers and lorry drivers (see below and page 30).

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 Lithuanian road freight transport companies involved in long-distance transport operations, mainly internationally. The companies surveyed for this study have the following characteristics:

	Number of tractors	Number of drivers	Principal markets	Turnover
Company 1	19	20	Germany, Poland, Italy, France, Benelux	1,900,000 €
Company 2	3	3	Germany, Poland, Belgium, Italy, Austria, Spain, the Netherlands	336,000 €
Company 3	92	123	Germany, France, Italy, Belgium, the Netherlands, Lithuania	9,100,000 €
Company 4	59	63	Germany, the Netherlands, Belgium, France, Spain, Switzerland, Poland	7,080,000 €
Company 5	6	6	Turkey, Bulgaria, Greece, Montenegro, Romania, Belarus, Russia, Poland	8,900,000 €
Company 6	15	21	Germany, the Netherlands, Belgium, France, Spain	1,660,500 €
Company 7	130	160	Sweden, Norway, Denmark, Russia, Lithuania	20,000,000 €
Company 8	75	88	Germany, Poland, France, Spain, Belgium, Italy, Austria, the Netherlands	13,200,000 €
Company 9	90	110	Poland, Germany, France, Belgium, the Netherlands, Belarus, Russia	11,250,000 €
Company 10	18	10	Finland, Latvia, Russia	1,200,000 €
Company 11	4	6	Poland, Germany, the Netherlands, Belgium, Belarus, Russia, Latvia	450,00 €
Company 12	76	110	Germany, Austria, Switzerland, Belgium, France, the Netherlands, Russia	9,750,000 €

The companies visited for this study are extremely diverse in terms of their size and structure. They are all specialised in international RFT.

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.

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.

#### TRANSPORT EQUIPMENT – Use

Vehicle use depends on the characteristics of the customer and the main markets in which the companies operate. The number of days vehicles are operated varies between 237 and 320 days, with a clustering around 270 days per year, compared to a figure of 265 days in 2017. The average annual distance travelled by the vehicles of the hauliers we met with is between 110,000 and 160,000 km,

with a clustering around 132,000 km per year. Vehicle mileage is also down compared to the last CNR study in 2017, when it was 150,000 km per year. There are several reasons for this sharp decline: the Covid crisis and the EU Mobility package appear to have had a negative impact on the Lithuanian sector.

The length of time tractors used for international operations are kept ranges between 4 and 10 years, with a clustering around 7 years for the vast majority of companies surveyed. Vehicles are often acquired via 48- to 60-month leases and kept for an additional 3 years after the end of the contract.

The tractor/semi-trailer ratio reported in the course company surveys 1.03, sharply down from the last CNR study in 2017, when the tractor-trailer ratio was 1.10.

#### TRANSPORT EQUIPMENT – Financing

The average purchase price of a Euro VI tractor established based on interviews with Lithuanian hauliers is between 72,000€ and 80,000€, with a clustering around 80,000€. The purchase price of a semi-trailer is estimated at 20,500€. Most companies seem to lease over a period of 48 months. In addition, some companies opt for 60-month leasing deals for their tractors.

The period for which a tractor is kept ranges from 5 to 10 years; the average figure for semi-trailers is 10 years.

Data on interest rates (estimated at 2%) and leasing contract conditions allow the annual cost of owning a 40-tonne semi-trailer truck to be calculated. The figure that emerges is approximately 13,713€, with a ratio of semi-trailer/tractor ownership of 1.03. The cost of owning a semi-trailer truck has increased since the last study in 2017. The figure arrived at in that study was 12,183€ per year per semi-trailer truck, which means that there has been an increase of 12.6% in 4 years.

#### FUEL

The 2017 CNR study highlighted a major specificity of the Lithuanian sector, namely the purchase of fuel outside the EU, at prices much lower than those found in the European Union. By taking advantage of trips to Belarus, Russia or even further east, Lithuanian companies were able to significantly reduce their fuel bills. Managers said that they preferred to go back and forth between East and West so that they could before fuel in Russia and Belarus before the vehicle entered Lithuania and use the cheaper fuel on their trips within the European Union.

Data collected from 12 companies in 2021 suggest that this trend has been less prevalent over the period covered by the survey and is tending to decline. Half of the companies say they partially refuel outside the European Union and only 3 of them purchase most of their fuel outside the EU (in Russia, Belarus and Turkey). The others prefer to purchase fuel within the European Union, particularly in Austria, Belgium, Latvia and Poland, depending on their primary markets.

With regard to the purchase of fuel, the CNR has determined a standard fuel shopping basket based on the information provided by the companies surveyed. The following percentages have been calculated by the CNR. For example, Lithuanian companies pay an average of 0.59€ (non-recoverable VAT) per litre for 10% of their fuel purchased outside the European Union. With regard to their purchases in the European Union, which account for the remaining 90%, 30% is purchased in Belgium (average price excl. VAT of 0.989€/l after partial refund of excise duties), 20% in Austria (average price excl. VAT of 1.031€/l), 10% in Latvia (average price excl. VAT of 1.018€/l) and the remaining 20% in Lithuania (average price excl. VAT of 0.975€/l).

Based on the fuel shopping basket calculated by the CNR (using information provided by companies), the price of one litre of fuel was 0.8586€.

## MAINTENANCE & REPAIRS

All the companies surveyed report that they have a maintenance contract for their vehicles. This is often purchased as part of a leasing agreement. In the companies we visited, these costs varied between 3,200€ and 8,800€ per year per semi-trailer truck.

The annual cost of maintenance-repairs for a 40-tonne semi-trailer truck is estimated to be 4,370€/year. This figure has risen since the study carried out by CNR in 2017 (up 11.9% in the space of 4 years). As a reminder, the annual estimated amount at the time was 3,905€ per semi-trailer truck.

## TYRES

The annual cost of tyres ranges widely, from 1,500€ to 2,600€. This cost item varies greatly depending on the method of purchase of the vehicles (with or without a tyre contract) or on the brand chosen, but also depending on the mileage and the loads transported. All the companies surveyed stated that they did not have a contract for the maintenance and replacement of their tyres.

Based on information provided by Lithuanian hauliers, the annual cost of tyres for a 40-tonne semi-trailer truck is estimated at 2,200€. This cost has fallen since the last CNR study. It was then 4,000€ per year per semi-trailer truck, a significant decrease of 45% over 4 years. Lithuanian hauliers appear to be particularly sensitive to this cost item. This cost is similar to that observed with Latvian hauliers, which is estimated at 2,280€ per year per semi-trailer truck in 2020.

## TOLLS

The annual toll costs for a 40-tonne semi-trailer truck operating internationally range widely, between 14,000€ and 26,000€. Costs vary greatly depending on the countries visited and the main markets in which the companies operate. This cost item has increased since the 2017 Lithuanian study. This increase can be explained in particular by the growing number of countries using a mileage-based tax (e.g. Belgium) and by a widespread increase in tariffs, such as the Maut in Germany, which are both important markets for the Lithuanian sector.

This figure includes the Eurovignette, which is used in the Netherlands, Luxembourg, Sweden and Denmark, as well as the Lithuanian toll sticker which is required on Class A roads and motorways.

The annual cost of tolls for a typical Lithuanian company is estimated at 17,450€ (including the Eurovignette). This cost item has increased by 23.8% since 2017, the date of the last CNR study on the Lithuanian sector.

## INSURANCE

The amounts reported by hauliers vary widely, ranging from 1,520€ per year, per semi-trailer truck to 4,250€ per year, per semi-trailer truck. The companies visited in the main opted for comprehensive insurance for their tractors. In most cases, companies report paying for comprehensive insurance, which amounts to between 1.7% and 1.8% of the vehicle purchase price. On the other hand, they tend to use third-party insurance for their semi-trailers. One company has opted for third-party insurance for its tractors because of their advanced age.

The figure estimated by the CNR for a 40-tonne semi-trailer truck with comprehensive insurance is 3,440€ per year. Insurance costs are slightly higher compared with the last CNR study on the Lithuanian sector in 2017. In that earlier study, insurance was estimated at 3,350€/year, which means that this cost item has risen by 2.7%.

#### AXLE TAX AND OTHER VEHICLE TAXES

The tax on a 40-ton 5-axle, semi-trailer truck with air suspension is 654€.

#### OVERHEAD COSTS

Information on overhead costs is often difficult to collect. The way in which these costs are calculated differs from one company to another. Some take into account the cost of the in-house garage, while others include in their calculations the cost of ancillary activities such as logistics. The professionals we met on-site estimated this cost at between 5 and 11% of the total cost of the vehicle. A percentage of 7% of the cost price of the vehicle has been used for the purpose of our calculations.

## 2.2. EMPLOYMENT CONDITIONS AND DRIVER EMPLOYMENT COSTS

Employment conditions and driver pay in Lithuania were surveyed during two rounds of interviews: a first phase in companies with Lithuanian employers; and a second phase, involving face-to-face interviews with drivers in car parks and rest stops in Poland. During this second phase, around twenty drivers, employees with Lithuanian 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 Lithuanian contract working internationally.

#### WORKING CONDITIONS

Permanent contracts are the most common form of employment contract in the sector. The number of working days per year is 236 days, ranging from 200 days to 275 days. The statutory amount of paid leave is 4 weeks, i.e. the European minimum. These days off are often taken in the summer and during the Christmas and New Year period. In other words, drivers' actual working year averages 11 months.

In terms of their schedule, Lithuanian drivers working internationally generally spend approximately 20 nights away from home per month, and the vast majority of them go home once every two to three weeks. Some drivers report trips lasting several months (between one and three months). 2 of the 12 companies surveyed explained that some of their drivers undertook trips lasting 6 weeks, with 3 weeks of rest upon their return. In the end, the figure of 22 nights away from home was chosen for the purposes of defining the typical profile of a driver with a Lithuanian contract working internationally.

Lastly, the average mileage that emerges from company surveys is approximately 114,100 km per year. Meanwhile, drivers report driving nearly 115,900 km annually. The average used for this latest study is 115,000 km per year, a substantial decline compared with 2017 (136,000 km/year). Two factors may explain this decline: the Covid crisis in 2020 and the Mobility package. The driver/tractor ratio was 1.15. This ratio is higher than in 2017, when it was 1.10.

Finally, like Latvia and Estonia, the number of working weeks per year is higher than the average observed in the majority of countries studied by the CNR. Driving time, however, is lower, estimated at 1,960 hours per year. In all likelihood, this drop in driving hours is a result of the Covid crisis.

#### NOTE ON DRIVING PERSONNEL COST FORMATION

##### *International driver pay*

Drivers with Lithuanian contracts receive a fixed monthly salary over 12 months, supplemented by daily allowances.

In the course of our interviews with them, all of the companies reported that they had adopted payment conditions in line with European regulations. Consequently, the mileage-based system of payment has been replaced by a quasi-automatic system of daily allowances, based on the countries being visited.

Thus, a basic salary of 1,060€ gross per month – in addition to certain bonuses (such as the no-accident bonus, estimated at 20€ per month in the payslip below (page 32) – makes up the initial component of drivers' compensation, which is subject to social security contributions and income tax. As noted in the 2017 study, the basic salary of drivers with Lithuanian contracts working internationally is higher than the national minimum monthly wage. This fixed amount is supplemented by a variable component consisting of travel allowances. These daily allowances are not subject to social security contributions or income tax. The travel allowances below are calculated based on a mixture of trips in Western and Eastern Europe.

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

Type profile of an international driver - Lithuania - 2021					
Characteristics	<ul style="list-style-type: none"> <li>- International long distance driver</li> <li>- Two-week European tours, mainly intra EU.</li> <li>- Annual mileage lower than in 2017 due to Covid crisis over the survey period and effects of Mobility package.</li> <li>- Annual paid leave of 20 days, all taken.</li> <li>- Remuneration made up of fixed base salary higher than the national minimum wage supplemented by a variable part, i.e. travel allowances, not subject to social contributions and income tax.</li> </ul>				
Annual mileage achieved	115,000 km				
Number of actual working days per year	236				
Number of working weeks per year	45				
Number of driving hours per year	1,960				
Cost breakdown of a typical Lithuanian international driver in 2021					
Reconstitution of a payslip					
EMPLOYER			EMPLOYEE		
Gross salary	€/month	1,080.00 €	Salaire Brut	€/month	1,080.00 €
Fixed gross salary	€/month	1,060.00 €	Fixed gross salary	€/month	1,060.00 €
Other bonuses (monthly basis)	€/month	20.00 €	Other bonuses (monthly basis)	€/month	20.00 €
<b>Social contributions</b>	<b>3.03%</b>	<b>32.72 €</b>	<b>Social contributions</b>	<b>19.50%</b>	<b>210.60 €</b>
Pensions (old age, invalidity, survivors)	0,00%	0,00 €	Pensions (old age, invalidity, survivors)	8.72%	94.18 €
Sickness and maternity - benefits in kind	0,00%	0,00 €	Sickness and maternity - benefits in kind	6.98%	75.38 €
Sickness and maternity - cash benefits	0,00%	0,00 €	Sickness and maternity - cash benefits	3.80%	41.04 €
Unemployment	1.31%	14.15 €	Unemployment	0,00%	0,00 €
Occupational injuries and professional illness	1.40%	15.12 €	Occupational injuries and professional illness	0,00%	0,00 €
Guarantee fund	0.16%	1.73 €	Guarantee fund	0,00%	0,00 €
Compensation fund for long-term jobs	0.16%	1.73 €	Compensation fund for long-term jobs	0,00%	0,00 €
			Salary after social contributions		869.40 €
			Income tax		142.48 €
<b>Gross salary subject to employer contributions</b>		<b>1 112.72 €</b>	<b>Salary after social contributions and income tax</b>		<b>726.92 €</b>
Travel allowances for an actual working month (11 months per year)		954.00 €	Travel allowances for an actual working month (11 months per year)		954.00 €
<b>Monthly cost of a driver for a month of full activity</b>		<b>2,066.72 €</b>	<b>Net salary of a driver for a month of full activity</b>		<b>1,680.92 €</b>
Breakdown of the annual cost of a typical Lithuanian international driver in 2021					
Fixed gross salary + bonuses* 12 months		#VALEUR  392.69 €	Fixed gross salary + bonuses* 12 months		#VALEUR  4,236.96 €
Employer contributions * 12 months		13,352.69 €	Social contributions and income tax* 12 months		8,723.04 €
Fixed gross salary subject to employer's contributions* 12 months		10,494.00 €	Fixed salary after income tax* 12 months		10,494.00 €
Travel allowances*11 months		23,846.69 €	Travel allowances*11 months		19,217.04 €
<b>Total annual cost</b>		<b>23,846.69 €</b>	<b>Annual net salary</b>		<b>19,217.04 €</b>
<b>Cost of an hour of driving €</b>		<b>12.17 €</b>	<b>Average monthly net salary</b>		<b>1,601.42 €</b>
<b>Cost per kilometre €</b>		<b>0.21 €</b>			

Source: CNR European studies

Based CNR surveys, driver costs have risen slightly (up 3.6%) since 2017 (from 23,015€ to 23,847€ in 2021). This increase is mainly due to the increase in the minimum wage and travel allowances. However, it is mitigated by changes in social security contributions. The decrease in employer contributions from 32.6% to 3.03% is responsible for this relatively small increase in the total cost to the employer. Employee contributions increased from 9% in 2017 to 19.5% in 2021. In the space of 4 years, the total annual cost of an international driver increased by 0.89%/year on average. The number of working days per year driven by a “typical” driver with a Lithuanian contract increased, while annual mileage decreased (see page 33). Overall, the cost of an hour of driving rose to 12.17€, an increase of more than 4.7% compared to 2017. As a reminder, the cost recorded by the CNR in 2017 was 11.62€/hour.

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

Operating conditions and costs of a 40-tonne HGV operated on long distance international routes, 2021 conditions 		
	unit	Lithuania Simulation
Yearly mileage of a vehicle	km	132,300
Number of operating days	days/year	271
Semitrailer/tractor ratio		1.03
Driver cost	€/year	23,847
Driver/tractor ratio		1.15
Yearly cost of vehicle financing and possession	€/year	13,713
Average consumption per 100 km	litres	30.33
Unit fuel price, 2021 average	€/litre	0.8586
Fuel cost	€/year	34,453
Tyres	€/year	2,140
Maintenance-repair	€/year	4,370
Tolls and vignettes	€/year	17,450
Insurance (vehicle)	€/year	3,440
Axle tax and other vehicle tax	€/year	654
<b>Synthesis - cost price (excluding overhead cost)</b>		<b>103, 643</b>
Cost/mileage ratio per annum	€/km	0.78
Overhead cost	€/km	7,255
<b>Synthesis - full cost price</b>		<b>110,898</b>
Full cost per kilometre	€/km	0.84

Source : CNR European studies

According to CNR calculations, the cost per kilometre of a Lithuanian 40-tonne heavy goods vehicle used for international long-distance transport is 0.78€ (excluding overhead costs) compared with 0.66€ in 2017, an increase of more than 18.2% compared with the previous study. Certain cost items such as the cost of ownership (+12.6%), the toll item (+23.8%) and the maintenance and repair item (+11.9%) have increased significantly compared to 2017. Conversely, the cost of tyres has fallen sharply, by 45%, and the cost of drivers has changed little (+3.6%) due to a reform of social security contributions benefiting companies.

Ultimately, when overhead costs (estimated at around 7% of the total cost) are factored in, the cost price in 2021 is estimated at 0.84€ per kilometre. This estimate is perfectly in line with the information provided by the hauliers, who estimate their cost price at between 0.84€/km and 0.90€/km.



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