



Didier Reynders  
Commissioner for Justice  
European Commission  
Rue de la Loi 200 / Wetstraat 200  
1040 Brussels  
Belgium

**By email**

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**SUBJECT: ENSURING FAIR TREATMENT OF THE ROAD HAULAGE SECTOR IN THE REVIEW OF THE DE MINIMIS REGULATION**

Dear Commissioner Reynders,

The International Road Transport Union (IRU), representing road transport operators across the EU and beyond, would like to call for your support in the revision of Regulation (EC) No 1407/2013 on *de minimis* State Aid, which can play a key role in supporting our sector to embrace the transition to a green and digital EU economy.

We welcome the initiative to revise the *de minimis* rules. We see this revision as an opportunity to:

- *Give road freight operators equal rights as other EU undertakings by removing the historical limits of de minimis aid which have become highly anachronic, and*
- *Set the new de minimis thresholds at a level that truly makes a difference in line with current economic realities.*

**Road transport operators need equal treatment**

The maximum amount of *de minimis* aid granted to a single goods transport operator is currently limited to half of the amount set for other types of undertakings, namely to EUR 100,000 over any period of three fiscal years. In addition, the current rules exclude the utilisation of the aid for fleet renewal.

Historically, this used to be justified by the small size of transport operators that were presumed to have reduced financial needs, and an assumed overcapacity of road freight transport. These arguments are no longer valid.

*The average road transport company is small. But the investments it needs are big and the margins are thin.*

There are around 700,000 road freight companies in the EU, with a fleet average of five to ten trucks. Despite the small size of the average road transport operator, the investment needs are significant. Moreover, investment for fleet renewal is keenly needed for our sector to meet decarbonisation targets.

For example, the price of a zero-emission truck is two to three times the price of a diesel truck, varying between EUR 100,000 and EUR 150,000, depending on the type, options and manufacturer. Diesel trucks represent between 90–95% of the total number of heavy-duty trucks registered today, which is about 6.4 million vehicles. Some EU Member States fully understood the sector's need for support. They understand that a small freight company could hardly afford paying such a massive price difference with margins that are typically between 2% and 5% and customers who are usually unwilling to take over the

investment efforts. Germany, for example, subsidises about 80% of the difference in the acquisition price. But this would not be possible under the current EU de minimis rules due to two reasons: first, because fleet renewal is excluded from the scope; second, because the amount concerned would exceed the de minimis, even for the purchase of a single zero-emission truck.

The need for support will dramatically increase in the near future. The European Commission's proposal regarding CO2 standards for heavy-duty vehicles, which seems to have largely convinced EU legislators so far, will likely set a 45% emission reduction target for vehicle manufacturers as of 2030, which would roughly mean that approximately one third of newly sold vehicles will be zero-emissions as of 2030. This means that a large share of transport operators will have to purchase zero-emission vehicles because, presumably, the choice for a different technology will be significantly reduced.

Moreover, the argument of excess capacity is no longer valid. A difference should be made between a fragmented competitive market and overcapacity. While the market demand can have waves, with peaks and low periods, overall, there has been a consistent increase in freight demand. According to the European Commission's calculation, the EU should expect a 60% rise in demand for goods transport until 2050. Given the important challenges the sector is confronted with, such as a chronic and growing lack of drivers, investments needed and fuel price fluctuations, a realistic forecast should show undercapacity rather than overcapacity in the road freight market as a whole or segments thereof.

Consequently, it is no longer justified to treat road transport operators differently. This inequality should be corrected by levelling the de minimis for road freight companies and other undertakings as well as by removing the limit regarding fleet renewal.

#### **Threshold of de minimis state aid should be significantly increased**

Treating road freight operators the same as other EU undertaking for de minimis purposes would open new avenues to decarbonise road freight transport. However, these opportunities may be squandered if the very low ceiling for de minimis currently applied to all economic undertakings (ie, EUR 200,000) is not adequately increased. Starting from our sector's example and given the substantial costs associated with acquiring new alternative-fuelled vehicles, *the de minimis aid threshold should be set at at least EUR 350,000* from the perspective of our sector for all economic entities.

In addition to increasing the ceiling, the updated regulation should set *an automatic annual indexation of the de minimis threshold with the inflation rate for the eurozone communicated by the European Central Bank*.

We appreciate your attention to these matters and rely on your support to secure a favourable outcome during the revision process.

Yours sincerely,



Raluca Marian

Director, EU Advocacy & General Delegate