

**B.V.B.A. WIM DEKEYSER**

International Loss Adjusters

Kersenbomenlaan 1

3090 OVERIJSE

www.wimdekeyser.be

tel : +32 (0)2 / 657.57.16

fax : +32 (0)2 / 657.29.57

e-mail : dekeyser@wimdekeyser.be

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***SOCIAL DUMPING IN ROAD TRANSPORT***

***Minimum Wages/ "Slavery" for foreign drivers? /Unfair competition for Belgian drivers?/  
Postbox Companies (Slovakia)?***

***New Actions by the Belgian Authorities***

***(05/10/2017)***

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We refer to previous messages / mailings i.r.o. this issue which remains in the news!

A week or two ago a TV program on VRT (Flemish TV channel) illustrated so-called "slavery" working conditions of Eastern-European drivers working for subsidiary companies created by Belgian transport companies in SLOVAKIA / RUMANIA etc...

*Low wages for foreign drivers;*

*Bad working conditions (drivers living in their trucks / no family life etc...) described as modern "slavery"...*

*The use of so-called fraudulent constructions with post-box companies in for inst. Rumania / Slovakia (Bratislava)*

*More than hundred Belgian Transport companies would have created such subsidiaries to keep up with the tough price competition on the European Transport market..(just like other Western-European Transport Cies)*

In a reaction to the TV documentary, the Belgian Government i.e. the Secretary of State Mr De Backer has immediately announced more strict controls and sanctions in this field: measures are announced against the so-called "post box companies" imposing for inst .a real seat in the foreign country or a minimum activity in that country of 25 % of the total turnover;

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Wim Dekeyser  
Lic Priv det: 14.191.05

Dimitri Dekeyser  
14.1674.02

Frederik Dekeyser  
14.1642/11

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*Problem might be the control of such measures as we already underlined earlier;*

*As the “host” countries are not really motivated to act against such practices which – strictly speaking - might not be illegal according their national law...;*

*The Eastern-European countries seem to tend to defend their national transport industry as we have seen in the reaction towards the recent initiative of the French President Mr Macron.*

What Western-European countries can do is of course increase the controls in their home countries - at this stage under the scope of their national laws (minimum wages / interdiction to take the week-end rest in the truck).

*We have already warned road carriers for such scenarios which can result in huge fines....*

The question is if non uniformized national measures can solve the problem...

The real challenge is to find a balance between the justified claims and demands from each side; where one should bear in mind some economic and political realities such as a.o.:

*The basic principle in EUROPE of free circulation of persons, goods and services:*

*Eastern-European Member States refer to these basic rule to defend their transport industry;*

*Western-European Member States should take outmost care in responding to this claim as a discussion on this point could be a real bomb under the very basic principles of the EU...;*

*Many W-E Member States depend for sometimes more than 70 % of export; a major part of it within the EU and have therefore a great interest in maintaining these basic rules of the EU.*

*“Delocalisation” of the Transport industry*

*Is – if we want it or not – an economic reality...Politicians seem to discover now (with a delay of about 10 years...) the phenomenon when it is widely spread;*

*The major part of Western-European Transport Companies were forced in one way or the other to move on in this direction under a tough price-competition; maybe up to 80 % of international transport is “delocated” nowadays which can easily be understood if we know that the cost of a Belgian driver is 3 times the cost of for inst. a Bulgarian one...*

*../...*

*The difference lies not only in the net salary but for a great part in the tax- and para-fiscal contributions (social security contributions); which underlines the general problem of our labour cost in Western-Europe...*

*Another cause is that shippers (cargo-interests)- often powerful multinationals - tend to work with severe tender conditions for road carriers, causing a rat-race to the bottom of freight prices (as only the cheapest one will get the contract...). Maybe the EU should do something about this tendency which might be much more effective to combat low prices and social dumping: could it be an idea to impose in Europe a minimum freight rate per km??*

*In some countries authorities for inst. have imposed by law stricter payment conditions on the payment of invoices (max 30 days) : this aspect also was of importance for road-carriers who face sometimes contractual payment clauses of 90 days or more!*

*According to many transport companies it is also very difficult to still find Belgian or W-E candidate-drivers...as it is indeed a very demanding job...*

#### *The profession of international truck driver*

*It has always been a very tough profession (irregular working hours / often away from home...) which explains that candidates in Western-Europe are hard to find...*

*Of course, truck drivers are entitled to human working conditions and a decent salary.*

*However trying to force them into a working schedule of 40 (or even 35) working hours / week is hard to realise...*

*Measures for inst. to prohibit the week-end rest in a truck is also very uncommon in this world...Drivers will only exceptionally take a hotel room for obvious reasons..; there is of course the cost aspect; hotels in general will have no parking facilities for trucks either so that also the security aspect comes into scope.. Many Eastern-European drivers are one-man companies having invested a huge capital in their truck which for obvious reasons they will not leave unattended to sleep in a hotel...*

#### *Controls on & Sanctions for road carriers*

*A few remarks can be made on this point.*

*The Belgian Secretary of State has announced he will attack the "post-office box companies" (for inst. in Bratislava) and will impose on Companies to have a "real" activity in the foreign country (offices / garages/ trucks).*

*..!...*

*First of all, the exclusive right of such a control remains in the hands of the authorities of the foreign country (for ex. Slovakia) which in many cases is not very in front of such controls...*

*A more serious question arises i.r.o. the so-called "paper carriers". In all European countries legislations exist i.r.o. so-called "forwarding agents" "commissionnaires-expediteurs" "commissionnaires de transport" who are intermediaries in transport and just have an office or a computer but have no transport infrastructure such as trucks, garages or large offices...*

*How the intended controls can fit into this legal system that exists worldwide and is incorporated legally in our European countries?*

*Another point of interest is that controls in Belgium have targeted a few individual transport companies which seems unfair when one knows that 80 % of the branch is working more or less in the same way? What is the use of imposing high fines on some companies or even of putting them out of business when others are left in peace?*

#### *"Unhuman working conditions"*

*When reference is made to "unhuman" working conditions for truck drivers we wonder when finally the EU and Member States will cope with the problems of unsafe and unsecure parking areas all over Europe??*

*Insufficient number of Parking Areas / Parking space is limited...drivers have often to park on the entrance / exit of Parking areas with risk for their road safety as well as the safety of other users of the highways...*

*Sometimes terrible sanitary infrastructure....(toilets/ showers...)*

*Not to mention the aspect of SECURITY....Seven (7) years ago the EU organised a conference on Secured Parking Areas (SPA) in Brussels under the Belgian Presidency -...we regret to say that after 7 years the situation is still unchanged: a lack of SPA's all over the EU (for ex. Germany: only 5 SPA's for the whole territory...) and still the EU and Member States continue to shift the Security issue (the implementation of SPA's) one to the other...*

*The official figure (from the EU Parliament) estimating the criminal turnover of Transport Crime in the EU at the fabulous amount of € 8,3 Billion /year has mean while seriously increased according to several independent sources (like TAPA)...How long will it take to get some action??? The time of analyses and studies is over....even when the EU Commission ordered early this year a new study on the issue from independent consultants...*

*../....*

*Talking about “delocalisation” it is at least remarkable to note that the EU (strongly condemning the “delocalisation” in transport) has appointed a consultant based outside the EU(!) with an head office in a country known as a tax haven.... In some way cynical in view of the latest evolutions...*

So far a few remarks not intended to criticise one or the other but aiming only to lift the discussion over the political “illusion” of the day and to motivate all concerned in transport (politicians / functionaries / shippers federations / road haulage federations / insurers and all having a hart for transport ) to contribute to think of a sustainable future of transport...

A lot is being said the last weeks about “social dumping” but we have sometimes the impression that a lot remains “unsaid”...which inspired us to this analysis.

Our Transport / Logistic Industry in Europe is too important to play with!!!

Wim Dekeyser

05.10.2017

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