

Internal Market related barriers

Examples from European equipment rental companies

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Introduction

ERA, the European Rental Association, is the trade association that represents over 5.000 construction equipment rental companies in Europe, either directly or through its 15 national rental association members.

The type of equipment goes from small hand held electric tools to large construction equipment, including also access equipment, compactors, generators, etc.

Executive summary

The Commission's Internal Market Strategy aims at *"Unlocking the full potential of the Single Market so that citizens, business and public authorities can access goods and services for the best quality, price or service; professionals can offer services across the EU quickly and conveniently; entrepreneurs can innovate and expand; new business models and services can flourish; and retailers find it easy to establish, do business and deliver their products across borders."*

ERA has asked to some of the major European rental companies to share some examples of situations where the Commission's objective is not yet met.

The main obstacles identified are interlinked: 23 years after the Single European Act, innumerable national rules within the EU persist, imposing complex compliance obligations and implying huge information requirements for businesses. The major difficulties encountered for the European rental companies are in the following fields:

- A. Road and cargo regulations,
- B. Safety of equipment and on job sites,
- C. Training of operators,
- D. Equipment inspection rules,
- E. Ce declarations,
- F. National standards,
- G. Finance / taxes,
- H. Temporary building permits,
- I. Working time laws / employment regulations,
- J. Environment.

Each of those fields will be described in the annex part and illustrated by some concrete examples given by the rental companies.



The differences in regulation and administrative requirements between countries make it very difficult for the rental companies wishing to extend their activity out of their national borders. Over the last ten years, ERA's objective has been to increase the penetration of rental all over Europe and this could have been substantially larger if the removal of most of the remaining cross-border barriers had been achieved, or had progressed more rapidly.

In addition, bringing down the barriers of the internal market will be essential for the success of the Commission's circular economy action plan. The rental business is inherently sustainable and a better functioning Single Market would play an important role in offering a sustainable alternative to purchase and in spreading a sustainable business model all over the Europe Union.

ANNEX – EXAMPLES OF INTERNAL MARKET RELATED BARRIERS ENCOUNTERED BY THE RENTAL COMPANIES IN EUROPE

A- ROAD AND CARGO REGULATIONS

Despite the Council Directive 96/53/EC, amended by the Directive (EU) 2015/719 of the European Parliament and of the Council of 29 April 2015, laying down for certain road vehicles circulating within the Community the maximum authorised dimensions in national and international traffic and the maximum authorised weights in international traffic, the free circulation of equipment within Europe is not yet reached. A free circulation would enable the rental companies to move more easily the equipment from one country to another depending on the needs of their customers and, hence, to optimize the size of their fleet. This applies particularly to large rental equipment, since smaller equipment is generally used locally.

However, road regulations are different in every country (driving during the weekends, maximum loading capacity, road taxes, etc.). This represents a cost for the rental companies as well as an administrative burden.

Here are some examples.

1- ROAD SAFETY REGULATIONS

Examples from Germany:

- The §29 III StVO (Straßenverkehrs-Ordnung, i.e. road traffic regulations) mentions that, depending on certain technical specifications (very often limited view field), special approvals are necessary to go on road.
- However, rental companies have to face 2 issues:
 - They don't get those approvals,
 - If they get them, they only get them for a certain area.
- According to the StVO, some specifications are necessary to go on road (blinkers, lights, protection for shovel teeth, etc.). If they miss, they will have to be installed afterwards.
- For the machines that need registration for use on road, in case of internal transfer of used equipment to Hungary or Austria:
 - Austria: the machine has to be brought to TÜV, where the machine is measured and checked. If the result of the control is satisfactory, the machine can be registered. The cost of the registration amounts to EUR 300 per machine. Not every machine has to be brought to this control: if 50 identical machines are concerned, only one needs to be brought to TÜV. But if 20 different machines need to be transported, then the 20 have to be controlled by TÜV.
 - Hungary: a trailer is transported by car to Hungary with a German plate. The plate then has to be sent back to Germany to unregister the trailer. The proof of unregistering and other documents must be sent to Hungary. Then the trailer can be registered in Hungary. Meanwhile, the trailer has been standing a few weeks on the yard, without being possibly used.



- The differences in road traffic regulations also concern axle loads, permissible total weight, etc. The consequence is that, for the cross border transports, it is necessary to pay attention to all the countries. For instance, an authorised transport in Belgium or in the Netherlands cannot drive to Germany without checking that it is not overloaded according to the German regulations.
- Different transport dimensions requesting or not special permission from authorities:

	< 2550mm	2550mm < 3000mm	>3000mm	Limit of gross load (payload) without special permit
Germany	x	Special permit required ¹	Special permit required ²	40t (20t)
Austria	x	Special permit required	Special permit required	40t (20t)
Czech Republic	x	x ³	Special permit required	40t (20t)
Slovakia	x	Special permit required	Special permit required	40t (20t)

X: No special permit required

2- LICENSE PLATES

The license plate regulations are different from one country to another and sometimes unclear.

License plates (to trailers):

- the same trailer needs a license plate in country A but not in country B,
- insurance of rental equipment,
- the dimensions of license plates are different,
- Obtaining license plates is different from a country to another and is often quite cumbersome,
- The costs related to applying for registration in each country are very different,
- It can take up to 3 months to get a plate.

Example from Belgium:

- In Belgium, more and more local authorities state that a scissor or boom lift needs to have a license plate to work in city centres or on public roads in general. A growing number of rental machines are towed away by the police because of the lack of license plates. The neighbour countries (the Netherlands or Germany) are not familiar with that issue. Consequently, the Belgian rental

¹ Idle time for application 3 to 5 days

² Idle time for application approx. 2 weeks

³ ZCZ: forwarders have to apply for a special permit, which is valid for a whole year

companies are limited in sub-renting equipment from those countries because they don't have a license plate (since they don't need to have locally). The rental companies are asking for a clear statement.

Example from Germany:

- Temporary participation at inland traffic: due to regulations like FZV §20, there is a time limitation to use machinery and vehicles with license plates in foreign EU-countries.

Generally:

- Different approach on the license plates for truck-mounted aerials and trailer-mounted aerials.

3- SPEED LIMITS

- Different speed limits for self-propelled machinery without license plate (e.g. 20km/h in Germany).

4- ROAD TAXES

- They vary from a country to another one.
- In Austria, the companies have to pay a highway charge. For trucks, it is necessary to buy a so called Go Maut Box, counting the km. This box is given back after passing the border and the company will be charged afterwards for the number of kilometres on the Austrian highway.
- Hungary Electronic Trade and Transport Control System EKAER: road transportation control system implemented in 2015 in Hungary, designed to minimize the possibility of VAT fraud. The depot has to register delivery of machines (new and used) from outside Hungary at an official body. The depot needs to know the nationality of the transporting truck, its plate and the toll tariff number of the machine. It then gets an EKAER number.

5- DRIVING LICENCE

- Each country has different regulations regarding driving licenses and they are sometimes unclear. For instance, when is a T-Driving license required?

6- CARGO

- Different interpretations of the standards concerning the securing of cargo (maximum payload, length, materials to fix the machine, etc.).

B- SAFETY OF EQUIPMENT AND ON JOB SITES

Even if safety is a major topic at a European level, the national levels are sometimes very heterogeneous. The safety rules are still not 100% harmonised in the European Union.

1- SAFETY STICKERS

In case a rental company has to transfer a machine to another country, it may have to change the safety stickers:

- to adapt to the language of the other country,
- because the requirements are different in the other country.

2- REPORT OF INCIDENTS

Stronger law enforcement with a clear yearly reporting at EU level when it comes to incidents is expected from the rental companies in Eastern Europe. It would force the parties involved to respect the common standard much more than they do today. If the law is not respected on a job site in the UK or if a fatality happens, the site will be closed and inspected. In some Eastern countries, nothing will happen and nobody will learn from the incident or modify / improve the rules to prevent other fatalities.

As part of common EU regulations, a stronger empowerment / reporting obligation for market controlling bodies could allow / oblige them to act swiftly when rules are broken and health and safety are threatened. This would naturally allow the EU ruling bodies to self- regulate and adapt to the changing market conditions, based on the learning curve obtained by studying and analysing national incidents on yearly basis.

3- SECURITY ON CONSTRUCTION SITES

The level of security at the construction sites is different depending on the countries. In Sweden, for instance, the ID06 is required. In Denmark, there is no regulation.

4- CONFORMITY OF EQUIPMENT

In Denmark, for instance, the quick couplers and manual couplers, and the bucket systems, are different than in the other countries. It requires a lot of work and investments to get construction machines rental ready for the Danish market, if they come from another country (Germany for example).

When a European rental company rents a large truck mounted platform in Spain, it needs to plan a 1,000 kg attachment point, and to test it, for harnesses. For that, the machine needs to be retrofitted.

C- TRAINING OF OPERATORS

The free provision of services across borders and the freedom of movement for workers would facilitate the service delivery of the rental companies all over Europe. Mostly, the customers of the rental business are affected by this issue but not only, in particular when the rental companies rent the machine with an operator.

1- TRAINING CERTIFICATES

They are sometimes not accepted cross border, which makes it difficult to rent equipment with operator in other countries. And it can be an issue for the rental companies to rent a sophisticated machine if it doesn't know who will operate it.



In Slovakia, for instance, the authorities do not accept the IPAF PAL (Powered Access Licence) card, which can obstruct the rental activities.

In Czech Republic, the training of access platforms operators is not yet regulated. It is up to the employer to decide if the operators should be trained or not. It makes it, on the one hand, easier for the rental companies to rent access equipment but, on the other hand, the knowledge of the operator about the machine is usually low, which is bad for the machine but also for safety.

Another example about training: in Germany, the access rental companies follow the training instructions from the work insurance (DGUV-G-308-008). In the neighbour countries, they mostly follow the training instructions from ISO standard ISO (ISO 18878). If a German operator wants to work in those countries, his training licence will not be accepted.

2- TRAINERS' TRAINING

In Luxembourg, special trainings for the trainers are used, whereas, in Germany, the trainer receives very basic trainings.

3- HEALTH AND SAFETY PROGRAMS

A European funding program specifically designed to increase health and safety in the construction business, a European strategy that allows a swift alignment of markets where health and safety are not yet a priority to developed markets (like UK or France) could improve the market situation.

Such a program could offer easy access to effective training programs and would benefit to all the stakeholders. It would be safer and healthier for the operators, more efficient and productive for the companies involved. It would enable more movement freedom across Europe (people, service, products, etc), it would make communication easier (common standard), working environment more competitive and driven by progress.

D- EQUIPMENT INSPECTION RULES

The rental companies having activities in several European countries have to pay particular attention to the different inspection rules applicable in the different countries. Not only are the contents of inspections different but also the periodicity and the bodies in charge of performing the inspections. It represents a financial and administrative burden for the rental companies. Here are some examples.

To help its members understanding better the different periodicity, bodies and storage rules, ERA has published the ERA Statement on in-service inspection, <http://erarental.org/en/publications/position-papers-and-guidance-to-industry/in-service-inspection-of-work-equipment-best-practices-statement>.

1- DIFFERENT RULES AND DIFFERENT BODIES

The different rules and notified bodies make the exchange of rental machines between subsidiaries of the same companies difficult.

The implementation of the Directive 89/391/EEC - OSH "Framework Directive" of June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work differs in the European countries.

Professional organisations have implemented different solutions in each country:

- UVV in Germany,
- §8 AM-VO in Austria.

In Germany, the equipment has to apply to 2 inspection rules:

- UVV (Unfallverhütungsvorschriften, = Accident Prevention Regulations),
- rules of TÜV (Technischer Überwachungsverein, German organizations that work to validate the safety of products).

A machine from Germany that has to be used in other European countries (Poland, Luxemburg, etc.) often has to be inspected additionally by TÜV.

In order to be able to rent a machine in different countries, it has to take more than one inspection.

The different inspection rules per country are a major issue for the rental companies.

- For instance, if a Belgian rental company rent a machine from The Netherlands or from Luxembourg, it has to ask an independent partner (OCB) to perform an administrative control on the Dutch or Luxembourgish documents. This administrative control gives a 3 month cover to the rental companies. After the 3 months, they will ask their partner to execute quarterly controls on the machine according to the Belgian regulations, until the rent of the machine is finished and that the machine is sent back to its home country.
- Till recently, the Belgian quarterly controls were well accepted in France. Only some chemical plants would only allow equipment with a French certificate. However, the Belgian rental companies have experienced more and more issues with the Belgian certificates in France over the last years and have decided to deliver every machine in France with a French certification. In some companies, it can represent up to 2 persons occupied almost full time performing French control to perfectly Belgian certificated machines.
- In the Netherlands, Belgian certificates are accepted. The Dutch annual 'Aboma' controls are completely different from the Belgian quarterly checks. The Aboma takes almost half a day and is never performed on a jobsite. In order to save time, when a certificated is due, some Belgian rental companies send Belgian controllers in the Netherlands to perform Belgian controls.
- In Luxembourg, every machine used has to be authorized by Inspection du Travail et des Mines (I.T.M.) and, every 6 months, an independent company performs a control. The Belgian certificates have no value in Luxembourg.
- In Slovakia, an organization called National Labour Inspectorate checks the eligibility of working platforms and operators for working at heights. Each machine must have its own revision, approved by the organization. The system is not working 100% and some European rental companies operate on the Slovak market platforms without this revision, which creates unfair

competition. This is leading to a higher cost for the local companies, in competition with foreign rental players.

- In Czech Republic, the rules are not as strict as in Slovakia. The National Labour Inspectorate also exists but is not as active as in Slovakia. It does no control on machines on construction sites. As a consequence, construction equipment often comes back in a bad shape.

In Estonia, as from 2017, the companies will incur high costs related to hoist inspection requirements.

In some countries, the inspections can be done by the companies themselves. In other countries, it has to be done by a third party, and often by governmental bodies. It is time consuming and expensive for the rental companies.

The qualification of people able to do those controls differs from one country to another.

2- INSPECTION POINTS

The inspection points are different in the European countries, especially for access equipment.

- For example, the Danish yearly inspection and the Swedish “besiktning” are different and the Danish yearly inspection has more points than the Swedish “besiktning”.
- The quantity of inspected points and the time spent on inspections differ extremely.

3- FREQUENCY OF INSPECTIONS

- 3 months in Belgium, one year in the Netherlands, 4 years in other countries.

E- **CE DECLARATIONS**

The CE marking is a statement from the manufacturer (or importer) that the process has been successfully completed and that the product meets the essential requirements of the relevant CE marking Directives. However two issues are mentioned by the rental companies.

So far, most directives require the Declaration to be translated into the languages of the countries in which the product is placed on the market. It would be easier to have the CE declarations accepted in English.

Also, some declarations are attached to a serial number, which creates a large volume of archives for the rental companies.

F- **NATIONAL STANDARDS**

National standards, in electronic or electricity but also more generally, are creating discrepancies between the European countries.

1- NATIONAL STANDARDS

In some countries, the national standards are still not harmonised with the European directives, which create some difficulties for the rental companies.

For instance, in the former East communist bloc, each country had its own national standardization procedures, following the Russian GOST specifications <https://en.wikipedia.org/wiki/GOST>.

In Rumania, for instance, specifically for aerial access and other lifting equipment (forklifts, cranes, etc.), the standardisation is very detailed and obsolete. This can lead to a draw back in the rental industry development locally.

2- ELECTRONIC STANDARDS

- Different electronic standards for information exchange
- Different standards in master data

3- ELECTRICITY STANDARDS

- Different electrical outlet plugs

G- FINANCE / TAXES

In terms of tax law, Europe is still a patchwork, with each country having its own rules and interpretations.

1- CASH REQUIREMENTS

Stricter cash requirements in some European countries, leading to significant administrative burden for the rental companies

2- BAD PAYMENTS

In some European countries, like Czech Republic or Slovakia, the rental companies face very low payment morale and a difficult enforcement of law. In those countries, the rental companies supplying the construction business loose each year high amount of money because of payment cheating.

3- CREDIT CONTROL

Depending on the countries, the companies have to / don't have to publish their results (or the publication can remain confidential). Consequently, it makes it difficult for the rental companies to rate the credibility of a customer.

The harmonisation / standardisation of the OECD's BEPS treatment within Europe would avoid additional administrative burden to the rental companies.

4- VAT

- Germany, for instance, doesn't indicate any name or address in the VIES database, which makes the control of VAT numbers less effective. A common procedure would help.



- A harmonisation of the procedure to get back VAT between countries would be helpful to the rental business.

H- TEMPORARY BUILDING PERMITS

The rules differ totally from one country to another. For instance, no permit is needed in Poland, but a 5 year permit is required in Sweden. In the Netherlands, the permit is for 10 years, renewable for 5.

For the rental companies, the longer the duration is, the better it is. But a harmonisation would help.

I- WORKING TIME LAWS / EMPLOYMENT REGULATIONS

1- Working time

To protect workers' health and safety, working hours must meet minimum standards applicable throughout the EU. The EU's Working Time Directive (2003/88/EC) requires EU countries to guarantee certain rights for all workers (a limit to weekly working hours, a minimum daily rest period, etc.). However, there is no harmonisation of the working time laws in the different European countries. This brings confusion for the rental companies active in more than one country.

2- Employment regulations

Different national regulations concerning security and insurance policies mean that what qualifies as apprenticeship varies extensively across Europe.

J- ENVIRONMENT

- The regulations regarding environmental requirements are different from a country to another (particle filters, CO2 emissions, red diesel, etc.).
- Different regulations on asbestos exist in Europe.