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COMMISSION STAFF WORKING DOCUMENT

IMPACT ASSESSMENT

accompanying document to the

Proposal for a Regulation (EU) of the European Parliament and of the Council No xx/yy on the professional cross-border transportation of euro cash by road between euro-area Member States

and the

Proposal for a Council Regulation (EU) No zz/yy concerning the extension of the scope of Regulation (EU) of the European Parliament and of the Council No xx/yy concerning the professional cross-border transportation of euro cash by road between euro-area Member States

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VOLUME I

This report commits only the Commission services involved in its preparation and does not prejudge the final form of any decision to be taken by the Commission.

Lead service: Directorate-General for Economic and Financial Affairs

Other involved services: DGs EMPL, ENTR, JLS, MARKT, OLAF, TREN, LS and SG.

Agenda planning: 2009/ECFIN/040

MODIFICATIONS FOLLOWING THE OPINION OF THE IMPACT ASSESSMENT BOARD

A draft of this impact assessment (IA) was submitted to the Impact Assessment Board and discussed at its meeting of 24 March 2010. In its opinion dated 26 March 2010, the Board suggested some improvements of the draft IA-report.

In its overall assessment, the Board considered that the report provided the necessary evidence base to underpin action in this area, while this evidence also suggested that the overall scale of the problem was limited. The Board notably recommended that the IA-report should present a more realistic picture of the scale of the problems and of the potential benefits. It also suggested that the report should provide a fuller assessment of why bilateral agreements between Member States are not considered a realistic option and present more fully the views of the stakeholders, in particular the social partners. It furthermore suggested that the report should analyse in greater detail the likely use by CIT-companies of the proposed system as well as issues related to implementation and enforceability.

In order to take into account the recommendations of the Board a number of changes has been made to the IA-report. These concern notably a more detailed assessment of the option of bilateral/multilateral agreements between Member States and a fuller presentation of the possibilities for cost-savings and better service in border regions that the proposed rules would offer to CIT-companies and their customers. The objectives of the proposal have furthermore been made more operational and related to specific indicators. The views of the social partners are presented more fully and the report also gives a more detailed presentation of the salary differences between euro-area Member States as well as an analysis of the potential social impact if countries outside the euro area would be covered by the provisions of the future Regulation. The relation between the proposal and other relevant EU legislation, notably the Directive on the posting of workers, has also been further clarified in the report together with the rationale for specific derogations from and restrictions to the scope of the common rules. Finally, the reports include a fuller presentation of administrative burden, monitoring, evaluation and enforcement of the common rules.

1. PROCEDURAL ISSUES AND CONSULTATION OF INTERESTED PARTIES

1.1. Background/Introduction

The physical euro was introduced in 2002, but due to strong differences between national legislations it is in practice very difficult for professional cash transporters to transport euro cash between euro-area Member States. Regulatory differences concern a wide range of issues such as the possession and carrying of firearms by the cash-in-transit (CIT) staff, authorised transport modalities, armouring and equipment of the CIT-vehicles, number of staff in the vehicles etc. It is, however, inherent in the logic of the single currency that euro banknotes and coins should be able to circulate and be transported as freely as possible within the euro area. The current regulatory obstacles moreover imply a fragmentation of the single market in this sector.

The Commission launched a first initiative to facilitate the professional transport of euro cash by road in the run-up to the euro cash changeover in 2002 and a working group with representations of the European federations of stakeholders was set up to discuss the scope and details of a possible EU legislative initiative in this area. Due to other pressing Commission priorities and a constraint of resources to pursue these efforts, the initiative was, however, suspended in 2004.

In order to facilitate the free circulation of euro cash the European central bank has meanwhile adopted a Roadmap for more convergence of National Central Bank (NCB) cash services which, inter alia, enables so-called remote access to NCB cash services, whereby a credit institution in one participating Member State may use the cash services of a NCB in another participating Member State. That measure was implemented in June 2007 but its potential cannot be fully exploited until the regulatory barriers for cross-border transports have been lifted. There will be no single euro cash area as long as there are severe restrictions for the provision of whole-sale or retail cash services across the borders within the euro area.

The European Central Bank, the banking sector and the large retail sector have repeatedly called for the launch of an initiative aimed at lifting the obstacles to the professional cross-border transportation by road of euro cash in Europe. The case for such an initiative is furthermore reinforced by the past and future enlargement of the euro area.

Against this background, the Commission therefore initiated consultations in May 2008 with a view to relaunch the work to remove existing regulatory barriers to cross-border transportation of euro cash by road and thereby facilitate the free circulation of the euro.

1.2. Consultation and expertise

1.2.1. Consultation of other Commission services

An inter-service steering group composed of representatives of the Directorate-Generals concerned[1] was set up and held its first meeting in June 2008. The group met in advance of the meetings of the Working Group with stakeholders and of the Expert Group with Member States' administrations (see below) and provided valuable input during all stages of the consultations. The last meeting of the steering group was held on 9 February 2010 to examine a first full draft of the impact assessment (IA) report. The draft IA-report was revised following the comments made by group. In total, the inter-service steering group met five times.

1.2.2. Consultation of stakeholders in the sector

As a first step and in order to build on the expertise and input of all interested parties in the sector, a *Working Group on cross-border transportation of euro cash by road* chaired by the Commission and consisting of the European organisations of all the major stake holders[2] was set up.

The Working Group held three full-day meetings in 2008 and discussed all key issues, such as the reasons for action at EU level, the various legal possibilities of facilitating cross-border cash transport, scope of possible future common rules, the differences between national legislations and possibilities of harmonised cross-border rules in the relevant areas. These concern, inter alia, authorised transport modalities, the possession and carrying of firearms by the cash-in-transit (CIT) staff, training requirements, armouring and equipment of the CIT-vehicles, the use of intelligent banknote neutralisation systems (IBNS), number of staff in the CIT-vehicles, information towards the police, licence rules and penalties.

1.2.3. The White Paper

On the basis of the above-mentioned consultations with stakeholders, the Commission adopted a White Paper on professional cross-border transportation of euro cash by road between Member States in the euro area[3] on 18 May 2009. The White Paper launched a broad-based consultation process on a set of envisaged common rules for the cross-border transportation of euro cash by road between Member States in the euro area. All interested parties were invited to submit their comments to the paper by

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1 DG Employment, Social Affairs and Equal Opportunities; DG Justice, Freedom and Security; DG Internal Market and services; the European Anti-Fraud Office; the Secretariat-General (as from the fourth meeting) and DG Energy and Transport (DG Enterprise and Industry declined the invitation but received all invitations and documentation). Informal ad hoc contacts have been maintained constantly with the Legal Service (LS), which was invited to the last meeting of the Inter-Service Steering Group on 9 February 2010.

2 The following organisations were represented: CEA (European insurance and reinsurance federation), CoESS (Confederation of European Security Services), EBF (European Banking Federation), the Eurosystem, EPC (European Payments Council), ESTA (European Security Transport Association), EURICPA (European Intelligent Cash Protection Association), EuroCommerce, Europol (European Police Office), MDWG (Mint Directors Working Group) and UNI-Europa (Union Network International – Europa).

3 COM(2009) 214 final.

30 June 2009. A total of 19 contributions were received from the cash-in-transit sector, the banking sector, IBNS[4]-manufacturers, trade unions and public authorities of Member States.

The White Paper and the 14 responses that do not contain sensitive information and which the concerned party agreed to publish are available at the Commission's Europa website at the following address:

http://ec.europa.eu/economy_finance/articles/euro/article15105_en.htm

A list and a summary of the contributions received are included in the Annexes of the present impact assessment (see also section 1.2.6 below).

1.2.4. Consultation of Member States' public administrations

Following the publication of the White Paper, an *Expert Group on professional cross border transportation of euro cash by road between Member States in the euro area* was set up and held four full-day meetings between May and November 2009. The group consisted of representatives from the relevant administrations of euro-area Member States and made a thorough examination of the envisaged common rules annexed to the White Paper. The group achieved a high degree of consensus among Member States at the level of their concerned administrations and contributed significantly to the draft text of the Commission proposal.

1.2.5. Consultation of social partners

The social partners have been consulted all along the preparatory process of the Commission initiative. Representatives of the European social partners in the CIT-sector, i.e. UNI Europa and CoESS (the relevant European organisations of trade unions and the employers respectively), participated in the Working Group on cross border transportation of euro cash by road (see section 1.2.2 above) that held three full-day meetings between July and December 2008. Furthermore the lead service organised an information meeting for UNI Europa and their national members in September 2008. A written questionnaire on the potential social impact of future common rules for cross-border transport of euro cash by road was submitted to UNI Europa and CoESS/ESTA in October 2009. The Commission initiative has also been at the agenda several times in the sectoral social dialogue committee during the process. Finally, the lead service has presented the envisaged common rules and the draft impact assessment to UNI Europa, CoESS and their national members for their comments at a meeting organised by the lead service for this purpose on 19 March 2010. The final minutes of this meeting are included in the annexes of this report.

1.2.6. Main results of the consultations

All stakeholders in the sector acknowledge that the cash-in transit market is currently organised along national lines, due to the differences between national legislations. A distinction should be made between the supply side (i.e. the CIT companies) who has expressed reservations on the necessity to open national markets and the demand side

[4] IBNS : Intelligent Banknote Neutralisation System

(i.e. the banks and retailers) which is very supportive and calls for an ambitious approach.

The employers' representatives in the CIT sector deems the current situation, characterised by a fragmented market, as satisfactory as CIT-companies have organised themselves accordingly, within national borders. Yet they welcome that a full-scale harmonisation of the transport of cash is not envisaged and is furthermore in favour of limiting the scope of common cross-border rules to point-to-point transports only. The employers also stress the importance of avoiding unfair competition on the basis of different wages and other terms and conditions of employment, notably against the background of the high share of wages in the total costs of CIT-companies. On the employee side, the trade unions' main concern is that future EU legislation in this area should not lead to a worsening of social conditions but rather set into motion a movement towards a levelling up of wages and other working conditions. The social partners furthermore agree that the highest of the home vs. the host country salary should apply in a cross-border situation and have asked for this to be foreseen in a future Commission proposal.

The banking sector is very supportive of the initiative, which should lead to shorter and more efficient transport routes, meaning less risk, less costs involved and more competition in the sector.

Intelligent Banknote Neutralization systems (IBNS) manufacturers are supportive too and would like the use of intelligent banknote neutralisation devices to benefit from the initiative as they can help resolving the difficult issue of the carrying of weapons in a cross-border context. Their argument is that the use of "smart devices" to transport cash provides a high degree of security without necessarily involving the use of weapons.

The ECB and the Eurosystem fully support the Commission initiative as it is in line with their strategic goal to achieve a high degree of convergence between National Central Banks' cash services and create a single euro cash area for professional cash handlers. The adopted principle of remote access, for example, (i.e. the fact that a bank should be able to withdraw/lodge euro cash from/to any NCB in the euro area) cannot be implemented as long as there is no easy possibility of transporting cash across borders.

Finally, the consultation of Member States' administrations in the special expert group set up for this purpose showed that they were clearly supportive of the general thrust of the Commission's White Paper. The discussions in the expert group referred to above was, moreover, very concrete and constructive leading to numerous suggestions for changes to the envisaged rules annexed to the White Paper. These included issues such as full respect for national weapons legislation, a clarification that a majority of cash pick-ups/deliveries made by a CIT-vehicle during a day must be carried out abroad, additional authorised transport types, increased possibilities for opting out from specific transport types, elaboration of rules on penalties in case of infringements of the common rules, elaboration of rules on IBNS, the setting-up of a monitoring committee, a review clause, need for a committology procedure to take into account technical developments, extension of the scope to EU Member States outside the euro area etc. This consultation process led to a high degree of consensus on the content of future common rules.

2. DESCRIPTION OF THE MARKET AND PROBLEM DEFINITION

2.1. Short description of the CIT-market

Due to the nature of the goods transported, security is crucial in the CIT-sector. The market is therefore organised around cash centres, which are secured against unauthorised access in terms of both equipment (anti-intrusion systems) and access procedures, where CIT-vehicles can be loaded and unloaded with cash in a secure manner. Cash centres are hubs where 'wholesale' cash is stored and processed (counted/sorted/packaged) for further delivery to final customers or for return to the NCB.

Professional CIT transport services as such can be divided into two main categories: 'Point-to-point' (or 'wholesale') transport services and 'Retail'[5] transport services.

The first category concerns transports of bulk quantities of cash between cash centres that are carried out directly from point to point without any intermediate stops (for example from a NCB branch to a CIT cash centre). These transports do not serve final customers and the quantities are generally high.

The second category ('retail' or 'multi-stop' transport services) concerns delivery and pick-up of cash to/from final customers, notably commercial banks and retailers as well as ATMs (Automated Teller Machines), the latter being located either in the bank branch or elsewhere (so-called 'off-premises' ATMs). The delivery/pick-up is carried out by a CIT-vehicle that is typically servicing a large number of cash points during its shift (around 20-25 stops/day seems to be common). The cash may be protected by IBNS depending on the national regulations and practices. These transports are typically carried out between a CIT cash-centre and the final customers, but in case the NCB has a policy of packaging cash for final customers it may also be carried out between NCB branches and final customers. Some commercial banks have, moreover, their own cash centres where they process cash for final customers. This category of transport services represents the large majority of transports in terms of kilometres driven, hours worked and cash points serviced.

A CIT-vehicle generally returns to its cash centre of origin at the end of the day in order to spend the night in a secure location, although it may stop overnight in another cash centre, notably in the case of point-to-point transports. Due to security reasons, transports are generally carried out during day-time, although point-to-point transports may also be carried out at night depending on the national regulation of the Member State.

It follows from the above that an important feature of the CIT-market is its predominantly local character. The geographical area that can be serviced from a cash center depends on the distance that a CIT-vehicle can drive in a day, which in turn is

5 Such 'retail' transports are often referred to as cabotage. However, strictly speaking, cabotage generally refers to transport operations carried out for hire or reward in a *host* Member State. In this document the term 'retail' transport is used to cover cash deliveries and/or pick-ups to final customers independently of whether they take place in the home country or in the host country.

influenced notably by the number of cash pick-ups/deliveries the vehicle will make (with big differences between rural/urban areas and between 'point-to-point' and 'retail' transports) as well as other factors such as speed limits, working hours etc. Based on these considerations, it seems that the operational radius of a cash center may roughly be estimated to 100 km[6] in the case of 'retail' transport services, although it may be considerably longer in the case of 'point-to-point transports'. This means that the cross-border CIT-market will by definition only concern part of the total CIT-market, limited to border regions between euro-area Member States.

The national cash-in-transit markets are different from each other in various respects. Apart from differences in national regulations on CIT transport operations, the role of the national central bank (NCB) in the cash cycle may vary. In that respect, two dimensions have to be considered: the level of recycling outside the NCB and the involvement of the NCB in the provision of retail cash services for final customers. Recycling activities (i.e. the reissuance to the market of cash previously collected from it) have been transferred from the NCBs to credit institutions and CIT operators, who are entitled to reissue cash to the market under certain conditions (Eurosystem Banknote Recycling Framework and its national transpositions), but the extent of recycling by commercial operators and how it is implemented differ very much from one country to the other. In most countries, it seems to be mainly economic operators, such as CIT-companies and banks, that are in charge of the provision of processing services (counting, sorting, packaging) to final customers, although exceptions remain, such as in Belgium and Germany where the Central Bank provides retail cash services to final customers. Processing services have furthermore increasingly been outsourced by banks to CIT-companies.

Due to competition concerns it has not been possible to collect information from CIT-companies on the turnover of the current market for professional money transport. CIT companies typically report the results of their activities in overall terms covering all activities related to their cash logistics operations. However, in order to provide some indication of the order of magnitude of the market, it can be noted that total sales (i.e. turnover) of CIT companies that are members of ESTA (the European Security Transport Association), which claims to represent 90 % of the CIT-industry, amounted to around 4 billion euro in 2007. These figures cover the 27 EU Member States and four types of CIT services (transport, storage, processing and ATM maintenance). According to the same source, the CIT-sector in the 27 EU Member States furthermore employs around 100 000 persons in total, including all four types of CIT-services as well as administrative staff.

[6] Estimate in the external study by Ramboll Management: 'Potential market for professional cross-border transport of euro cash by road between euro-area Member States' (available at: http://ec.europa.eu/economy_finance/articles/euro/2010-02-26-cross-border-cash_en.htm). This approximate radius is consistent with estimations from the demand side (European Payment Council), whereas the supply side (the European Security Transport Association) has not provided any estimate in this regard.

2.2. Problem definition

The 16 Member States that have so far adopted the euro use the same banknotes and coins. However, due to strong differences between national legislations it is in practice very difficult to transport euro cash by road on a professional basis between euro-area Member States and very little cross-border land transportation therefore takes place. Cross-border transports may in some cases be arranged on the basis of specific authorisations from the Member State of destination, but even disregarding the administrative proceedings involved, this still involves the need to comply with two or more different complex sets of national rules. It is a contradiction in terms that there are border barriers to the professional transport of the single currency within the euro area. On a more concrete level, banks, the large retail sector and other professional cash handlers need to source and deliver their cash in the most efficient manner within this single currency area, also across national borders.

The current obstacles to cross-border cash transport also prevent operators from taking full advantage of the ECB's Roadmap for more convergence of National Central Bank (NCB) cash services and the Single Euro Cash Area for professional cash handlers. One important element of the Roadmap is the so-called Remote access to NCB cash services, whereby a credit institution in one participating Member State may use the cash services of a Central Bank in another participating Member State. That measure was implemented in all euro-area Member States in June 2007 but its potential cannot be fully exploited until the regulatory barriers for cross-border transports have been lifted.

Due to the differences between national regulations, commercial banks, big retailers and other professional cash handlers are thus in practice in most cases prevented from contracting with a cash-in-transit (CIT) company in another Member State, even though it might be able to provide for the most efficient (and shortest) cash pick-up and delivery circuits. They are therefore in practice also generally barred from taking advantage of the cash services of the nearest NCB branch or CIT cash center, if it happens to be located across the border in another Member State. Finally, CIT-companies carrying out transportation in border regions are not able to plan their transport routes and other cash logistics in the most efficient manner, if potential customers are located on both sides of the border. This situation implies a sub-optimal organisation of the cash cycle in such regions and thus also at euro-area level. This, in turn, means a higher cost of cash and/or a lower service level for the customers compared to a situation without national regulatory barriers to cross-border cash transports.

As explained in section 2.1 above, the CIT-market has a local character and the potential cross-border market primarily concerns border regions. The potential geographical market can roughly speaking be estimated to some 100 km on each side of the border for the majority of the transports. This means that in geographically bigger euro-area Member States, such as Germany, Spain, France and Italy, cross-border transports will normally only concern a limited part of their territory. On the other hand, in geographically smaller countries, such as Belgium, Luxembourg and the Netherlands such transports may potentially cover a large part of the national territory. Overall, the potential share of cross-border transports of euro cash may be estimated to around 2.6 % of the total value ordered to CIT-companies[7] in the 11 euro-area countries that currently have land borders to other euro-area countries, with large variations between countries. This would correspond to some 77 000 cross-border transports/year. The relative size of the cross-border market is expected to be considerably higher in Austria, the Netherlands and Belgium (between 6-9 percent), while lower shares are expected in Italy, Spain and Portugal (between 1-1½ percent of the total market). The limited yet significant size of the potential cross-border market may indicate that a possible policy response at EU level should not necessarily include purely domestic operations.

Due to the nature of the goods transported, the CIT-sector is moreover exposed to serious security risks, the nature and level of which may be very different between Member States and may change over time as well. It is therefore of paramount importance that cross-border cash transports take place under conditions that provide a high level of security for the CIT-staff and for the general public. Due to different national traditions and risk environments, security requirements are however interpreted very differently across euro-area Member States, leading to large differences between national rules in a large number of areas, such as authorised transport types, armouring and equipment of the CIT-vehicles, the use of intelligent banknote neutralisation systems (IBNS), number of staff in the CIT-vehicles, the possession and carrying of firearms by the CIT-staff, training requirements, information towards the police, licence rules and penalties.

For some of these areas it may be particularly difficult to find a common rule for all countries involved. This concerns notably the carrying of weapons and authorised transport types. Rules on weapons are closely linked to real or perceived security and especially the carrying, and possible use, of weapons is obviously a very sensitive issue which is generally subject to strict controls and licensing arrangements in each Member State. Consultations with stakeholders have shown that there is very little support for abolishing regulatory differences in this area. However, other solutions can be found in order to enable cross-border transport, such as locking in the weapons in a strong-box in the CIT-vehicle when entering a Member State where carrying of (these) weapons are not allowed and through measures such as mutual approval of equivalent weapons training, by facilitating applications for weapons licences etc. The consultations with stakeholders have furthermore shown that it is not possible to find a standard transport type that fits all countries, but that a limited number of different transport types could be foreseen, with possibilities for Member States to opt out from one or several of them for their national territory.

Consultations have also shown that there is a need to provide legal certainty for everybody involved by establishing that cross-border cash transports shall be carried out during daytime and that the vehicle shall return to its Member State of origin at the end of the day. This ensures that it will not be possible for CIT-vehicles to spend the night under non-secure conditions in another country and it furthermore corresponds to common practice in the sector.

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7 See the external study referred to in footnote 6.

The current situation can be illustrated by the 'problem tree' at the next page. Different national traditions and risk environments have given rise to different national regulations. These differences make it in most cases very difficult (or outright impossible in some cases[8]) for a CIT-company to carry out cash transports between different countries, since the cost of complying with the two different sets of regulations is too high. This is in practice an obstacle to the free circulation of the single currency, to the cross-border provision of services and a well-functioning internal market. This in turn means higher administrative costs for banks, retailers and other cash handlers that have subsidiaries or branches on both sides of a national border within the euro area since they cannot reap the benefits of an integrated management of CIT-contracts or of their cash handling in general. It also means potentially less competition between CIT-companies in border regions and longer transports compared to a situation where the deliveries/pick-ups can be organised unconstrained by the national borders. Both factors tend to lead to either higher costs or a lower service level or both. Longer transports for the same amount of cash transported will also, ceteris paribus, lead to higher fuel consumption and higher CO_2- and other emissions and increase the exposure to attacks. It should, however, be kept in mind that the security depends on a whole range of measures, such as co-operation with the national police forces, equipment of the CIT-vehicle, training of the staff etc.

Moreover, the regulatory differences described above are not just an obstacle for the cross-border transport of euro cash but also for other currencies. Although not directly linked to the euro as such, different currencies and also valuables may be carried simultaneously in the same CIT-vehicle. Obstacles to cross-border transport of euro cash may furthermore also concern Member States outside the euro area, notably in the case of a country that is preparing itself actively for the introduction of the euro.

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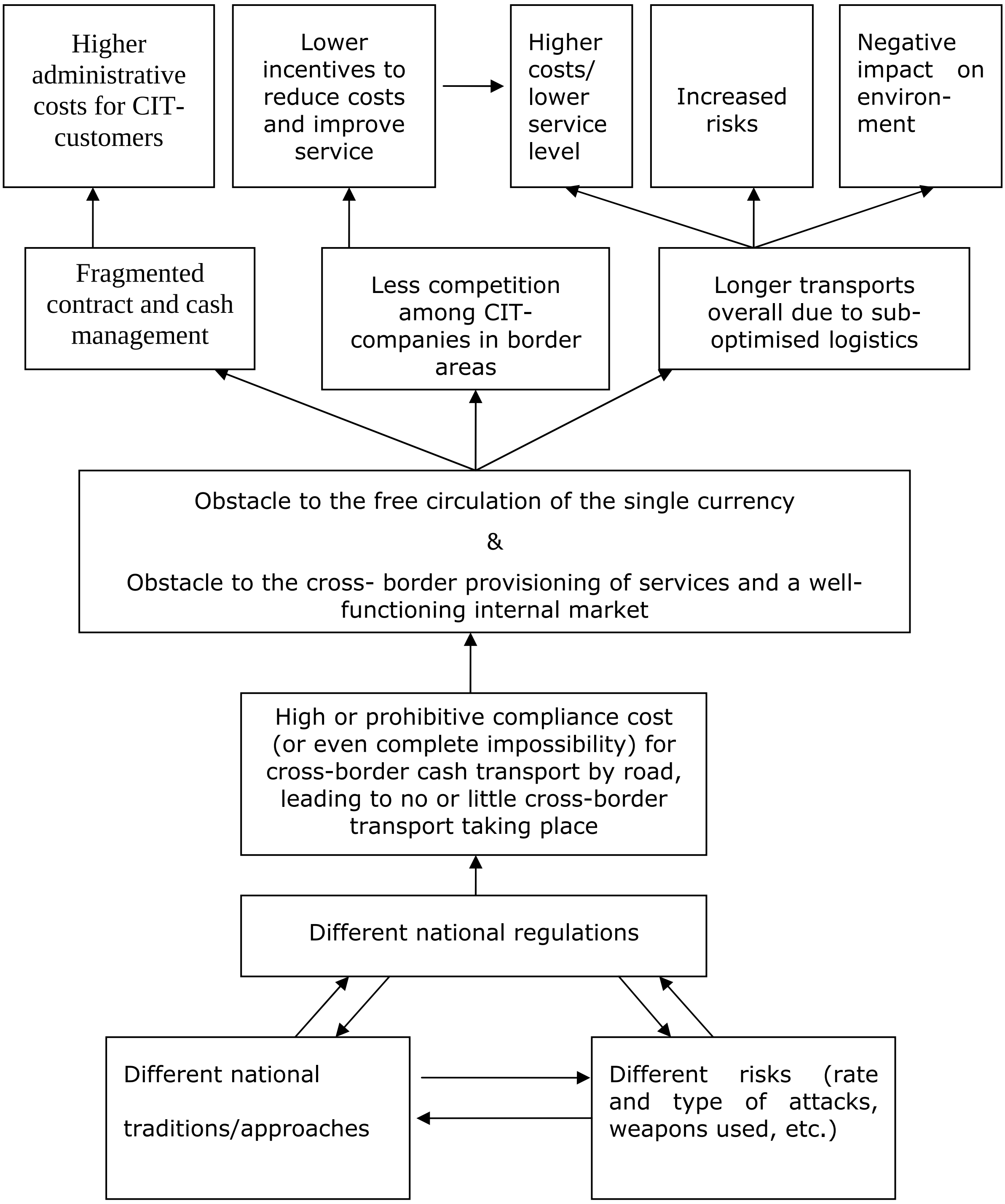
8 If, for example, it is not possible for a CIT-company from one Member State to obtain an authorisation for CIT-transport in a neighbouring Member State or if it is not possible to obtain a weapons licence there while the carrying of arms is mandatory.

PROBLEM TREE



A significant increase in cross-border transports may, however, also have negative social effects in the host countries. This concerns notably a possible effect on wage levels and/or employment in the CIT-sector in a given host country, if there are significant wage differences compared to neighbouring countries.

Table 1 on the next page shows the actual gross salary paid to CIT-staff. Salaries may vary according to, for instance, years of experience, qualifications and age. The data in the table may, furthermore, in some cases have changed since the information was collected. For all these reasons, the information below should be seen as indicative.

Table 1. Actual gross salaries in the CIT-sector in euro-area Member States. The countries have been grouped according to the main regions where cross-border cash transport is susceptible to take place.

<table>
<tr><th></th><th>Actual monthly salary</th><th>Actual monthly salary in bordering Bundesland
(bordering country in parenthesis)</th></tr>
<tr><td>BE
DE
NL</td><td>2365 €
1315 € - 2261 €*
1902 €</td><td rowspan="10">Niedersachsen[a] 2135 € (NL)

Nordrhein-Westfalen[a] 2261 € (BE, NL)

Rheinland-Pfalz/Saarland[a] 1718 € (BE, LU, FR)

Baden-Württemberg[a] 2034 € (FR)

Bayern[b] 2121-2195 € (AT)

a For staff with between 7 months and 2 full years of working experience depending on the Land.

b Depending on the location ("Ortsklasse").</td></tr>
<tr><td>BE
NL
LU</td><td>2365 €
1902 €
2572 €</td></tr>
<tr><td>BE
FR
DE
LU</td><td>2365 €
2268 €
1315 € - 2261 €*
2572 €</td></tr>
<tr><td>FR
IT</td><td>2268 €
2083 €</td></tr>
<tr><td>IT
AT
SI</td><td>2083 €
2077 €
1083 €</td></tr>
<tr><td>AT
SK</td><td>2077 €
750 €</td></tr>
<tr><td>DE
AT</td><td>1315 € - 2261 €*
2077 €</td></tr>
<tr><td>FR
ES</td><td>2268 €
1754 €</td></tr>
<tr><td>ES
PT</td><td>1754 €
1189 €</td></tr>
</table>

** Depending on the Land.*

Sources: ESTA, 2010 (for BE, ES, FR, LU, NL, AT, PT, SI and SK). Replies to questionnaire of 17.7.2008 to Member States' permanent representations (for IT). Bundesvereinigung Deutscher Geld- und Wertdienste e. V. (for DE). Actual monthly salary is actual annual salary divided by 12 including possible risk allowances, premiums etc.

N.B. Euro-area countries with no land borders to other euro-area Member States, i.e. Cyprus, Malta, Greece, Ireland and Finland, are not included in the table.

As regards actual salaries, and based on the information in the table above, significant differences seem to exist in some cases between some neighbouring countries. It should be noted that comparisons with Germany should be based on the salaries in the relevant neighbouring Land (see second column in the table above), since collective agreements are concluded at that level in Germany.

Compared to Belgium, salaries in Rheinland-Pfalz/Saarland are 27 % lower, in Netherlands 20 % lower while they are only slightly lower (4 %) in Nordrhein-Westfalen. Compared to Luxembourg, salaries are 33 % lower in Rheinland-Pfalz/Saarland, 12 % lower in France and 8 % lower in Belgium. Salaries are furthermore 16 % lower in the Netherlands compared to Nordrhein-Westfalen and 11 % lower compared to Niedersachsen. Compared to France, salaries in Rheinland-Pfalz/Saarland are 24 % lower, whereas salaries in Belgium are only slightly lower (4 %). Salaries in Italy seem to be rather similar to those in France (-8 %) and Austria (+1 %). Salaries in Austria and Bayern are also rather close to each other (3-9 % lower in Austria). The biggest salary differences can be seen between Austria and its neighbours Slovakia and Slovenia (64 % and 48 % lower in Slovakia and Slovenia, respectively) and between Italy and Slovenia (48 % lower in Slovenia). Finally, salaries in Portugal are 32 % lower than in Spain.

According to ESTA, labour costs represent well over half of the operating costs of companies in the CIT-sector[9]. Although salaries are certainly not the only factor that influence the market shares of CIT-companies, significant salary differences may nevertheless have a very direct effect on competitivity and thus on employment and/or salary levels in a given host country. It would be very difficult to quantify such potential effects with a sufficient degree of reliability and it goes in any case beyond the proportionate level of analysis of the present impact assessment report. In view of the existing salary differences described above, it may nevertheless be seen as justified to mitigate the potential social impact in the host country by ensuring a minimum protection of the workers. While Member States should in general not be prevented from using their comparative advantages, it is at the same time appropriate that a social minimum protection in line with the principles of existing EU legislation is ensured for the staff in the CIT-sector. The Directive 96/71/EC of the European Parliament and of the Council[10] is intended to provide for a minimum protection to be observed in the host country in the case of workers who are posted to perform temporary work there. In view of the specific character of CIT transport services, notably the frequent and short-term nature of the potential work periods abroad (where each period in the host country amount to less than a day), which may furthermore involve working in several different countries, there is however a need to clarify the application of Directive 96/71 to cross-border cash transport services. This is necessary in order to provide legal certainty for operators and ensure the practical applicability of the Directive in this sector.

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[9] According to a typical example provided by ESTA, salaries represented 63 % of the operating costs of the CIT-company in question.

[10] Directive 96/71/EC of the European Parliament and the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services.

2.3. Categories of stakeholders affected

Several categories of stakeholders are currently affected by the barriers to cash transport in the euro area.

CIT-companies and their staff. Currently CIT-companies are hindered to pursue the most efficient business operations in border areas. The shortest transport routes cannot always be followed in border regions as it is difficult or impossible to cross the national border. Additionally, as foreign markets are closed to national CIT- companies, they have organised themselves within national borders. International groups have established stand-alone subsidiaries in the various Member States and these companies have invested in different equipments and tools compatible with their national legislations. These international groups cannot benefit from economies of scale as, for example, vehicles cannot be used across countries. The prospect of cross-border cash transport will open potential new markets for the companies, while they will at the same time be exposed to potential competition in their domestic market. This will bring increased possibilities to exploit economies of scale and optimise logistics of transport and cash handling, but could also mean initial and other adjustment costs for cross-border operations in terms of training, possible investments, working conditions etc.

The customers of the CIT-companies, i.e. banks, retailers and other professional cash handlers. Customers that are present on both sides of a border are not able to benefit from integrated contract management and cash handling across borders. They also miss the benefits of a truly integrated internal market with an increased competition between CIT-companies beyond national borders and a wider choice of service providers.

Central Banks/the Eurosystem: The current barriers to the free circulation of euro cash across borders prevent the Eurosystem from achieving a high degree of convergence of NCB cash services - which includes inter alia the so-called remote access to NCB cash services and a common Eurosystem approach for electronic data exchange between NCBs and credit institutions - and creating a single euro cash area for professional cash handlers. The implementation of the remote access principle, which is only possible if the regulatory obstacles to cross-border transport are lifted, is key to improve the efficiency of the cash cycle in the euro area and to reduce the overall cost of cash for society. In the medium term, this should help building a streamlined and efficient network of NCBs branches in the euro area with no redundancies in the border areas.

Manufacturers of CIT-equipment, such as IBNS or armoured vehicles, are also affected by the absence of a truly integrated market for CIT services. The lifting of the obstacles to cross-border transport of cash could, in particular, benefit IBNS manufacturers as these "smart devices" make it possible to transport cash in a secure manner without necessarily involving the use of weapons. CIT companies could chose to invest in these devices, if authorised for the cross-border transports, as it avoids the difficult issue of the handling of weapons in a cross-border context.

Public authorities, such as ministries of interior, police forces, finance ministries in their capacity as monitors or supervisors of the cash cycle and its security. It could be argued that, for public authorities, monitoring the transport of cash on their territory is an easier task in the context of a fragmented market. Increased cross-border transports will imply monitoring and verifying that CIT-companies from other jurisdictions carrying out transports on their territory follow the relevant rules and will normally also lead to an increased need of communicating with authorities in the home Member States of these companies. Yet from an efficiency point of view, public authorities should welcome an increase in the cross-border transport of cash as this can lead to shorter routes in border regions, meaning higher security as the transport time is reduced. Additionally facilitating the transport of cash across borders should lead to a more efficient cash cycle, which should reduce the cost of cash for the society as a whole. Such efficiency gains are in the interest of public authorities.

The general public is indirectly affected by the existing barriers to the cross-border transport of cash as the reduced efficiency of the cash cycle has a cost which is, in fine, passed on to the citizen. Lifting the barriers to the cross-border transport of cash should lead to a more efficient cash cycle, but since this is an 'up-stream' effect that will potentially lower the costs for CIT-companies, banks, retailers and other professional cash handlers, the benefits are not likely to be very visible for the man in the street.

2.4. Estimated size of the potential cross-border CIT-market

In order to collect information on the current CIT-market and to estimate the size of the potential market for cross-border cash transport by road, if current regulatory obstacles to such transports are lifted, the lead service launched an external study that was carried out by Ramböll Management[11].

The potential market for cross-border cash transport by road has been quantified on the basis of data for eleven of the currently sixteen euro-area countries[12]. Due to security as well as competition concerns it was not possible for the contractor to collect information from CIT-companies on notably values transported and risks. CIT-companies furthermore typically report the results of their activities in overall terms covering all their cash logistics operations, which means that the money transport activities are not separated from other CIT activities such as counting, sorting and packaging.

An alternative approach of estimating the potential market was therefore developed (see Annex 3 for a detailed presentation) based on the assumption that in an open and free market where current regulatory obstacles to cross-border transport have been lifted, the amount of money transport on roads - both national and cross-border - will be proportional to the amount of total transport work, where transport work is defined as the number of motor vehicles[13] multiplied by the average vehicle kilometres. In order to correct for national differences in the cash cycle and transport patterns, this calculation was carried out on the basis of data for each individual country.

The proportion between CIT transport work (total number of kilometres driven by CIT-vehicles) and total transport work (total kilometres driven by all motor vehicles) can be applied to data on average annual daily traffic (i.e. number of counted vehicles) on each of the cross-border roads between the targeted euro-area countries in order to estimate

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11 Available at the website of the European Commission at: http://ec.europa.eu/economy_finance/articles/euro/2010-02-26-cross-border-cash_en.htm

12 Countries with no land border to other euro-area countries were not included, i.e. Ireland, Greece, Cyprus, Malta and Finland.

13 Including passenger cars, buses, lorries and vans, but not motorcycles or mopeds.

the number of potential cross-border CIT transports. Finally, the share of euro ordered to CIT-companies[14] that is transported across borders can also be calculated.

On the basis of this method, it is estimated that the potential long-term market, assuming that all obstacles to professional cross-border euro cash transports by road are lifted, would amount to around 2.6 % of the total market (expressed in terms of the value of all euro cash ordered to CIT-companies). The highest shares of euro cross-border transport are expected to be in Belgium, the Netherlands and Austria, where cross-border shares of euro ordered are estimated to between 5.8 - 9.4 percent, while the lowest shares are expected in Italy, Spain and Portugal, where cross-border shares are estimated to between 1-1½ percent of the total market.

In the long term, it is estimated that around 77 000 cross-border transports[15] may potentially be carried out each year in the 11 euro-area countries that have land borders to other euro-area countries, provided that all regulatory obstacles are lifted. The highest frequency of cross-border transports is concentrated on the borders between Germany, Austria, the Netherlands, Belgium, Luxembourg and France, where the estimated long-term potential is estimated to around 55 000 CIT cross-border transports per year corresponding to around 70 percent of total cross-border transports. On the borders between Austria, Italy, Slovenia, Slovakia, France, Spain and Portugal the estimated transport frequency is relatively lower, i.e. 22 000 CIT cross-border transports per year or around 30 percent of total cross-border transports.

The potential market should be compared to the current cross-border market, for which no precise figures exist. However, according to the demand side (the banks and retailers) it is almost non-existent. For the supply side (ESTA), it does in any case not exceed 1 % of the total market. According to the findings of the external study on the current and potential cross-border CIT-market referred to above, reported cross-border operations concern coins mainly, whereas transports of banknotes is limited to a few cross-border regions, notably from Austria to Slovenia (see also section 6.1 below).

On the basis of this estimation, there consequently seems to be a potential for a considerable increase of the cross-border market at least in the long run, if current obstacles are lifted. It should furthermore be recalled that the long-term potential market for CIT cross-border transport has been calculated on the basis of current cross-border traffic. The long-term potential might therefore be underestimated as possible future traffic increases or euro-area enlargement is not taken into account. There are furthermore obstacles to current cross-border traffic (such as linguistic and other barriers to take up work and commute across the border) which may not apply to the same degree to cross-border cash transports.

In the shorter term, the long-term potential is restricted by different factors linked to the current organisation along national lines of both CIT-companies and their customers as well as NCBs, such as the current location of cash centres and CIT-customers' existing contract management. An adjustment of the long-term potential to take short-term

[14] Calculated as value of euro cash issued by the national central bank + value of euro cash reissued by CIT-companies.

[15] A transport meaning a CIT-vehicle that crosses the border twice; once on its outbound journey and once on its homebound journey.

obstacles into account is obviously very subjective and depends on the weightings given to different obstacles. The grading used by the study referred to above (see Annex 3 for more details) estimates the short-term potential to around 1.9 % of total euro ordered to CIT-companies, with the distribution of the impact similar to the long-term case, which is still a large increase compared to the current situation.

2.5. The right and the need for the EU to act

Article 133 in the Treaty on the Functioning of the European Union states that '… the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall lay down the measures necessary for the use of the euro as the single currency. …'. It follows from this Article that the EU has the right, and in fact the duty, to take the necessary measures to ensure the free and efficient circulation of euro cash since the current situation creates obstacles to the cross-border transport of the euro and thus to its use. The existing barriers to the cross-border transport of cash are difficult to reconcile with the general principles of the internal market for services. Due to its specificities – nature of the goods transported, security dimension…- , the CIT sector was excluded from the scope of the Directive on services in the internal market. Yet in its article 38, the Directive called on the Commission to assess the possibility of presenting proposals for a harmonisation in this field before the end of 2010.

The differences between national legislations in the CIT sector have led to a fragmented market. CIT companies have organised themselves along national lines and have invested in specific equipments and tools, as required by the national laws. Given the absence of convergence between national requirements, it is practically impossible for national CIT companies to transport cash abroad with the transport modalities in use in their Member State. As an alternative to an EU action, bilateral agreements between Member States or even multilateral agreements could in theory be envisaged. Yet action at EU level brings important economies of scale as compared to bilateral or multilateral action (which may in practice not take place). Only action at EU level allows taking into account the future enlargement of the euro area as the EU rules for cross-border transport can be used by any new participating Member State, which is obviously not the case for bilateral/multilateral agreements. Even though a demand exists as expressed notably by the banking sector, more than eight years after the introduction of euro cash Member States have still not to any significant extent addressed the regulatory obstacles to professional cross-border transport of cash. This suggests that EU action is in practice the only possible way of reconciling diverging regulatory regimes (currently 16 in number), covering a wide range of complex issues where security issues and labour market considerations interact. Consequently, action at EU level is in conformity with the principle of subsidiarity.

3. OBJECTIVE

The creation of the euro and the introduction of euro banknotes and coins has created a geographical space that shares a single currency both in its scriptural and its concrete fiduciary form. It follows from the logic of the single currency that it should be able to circulate without obstacles within this geographical space - the euro area. Whereas private individuals or private companies can transport euro banknotes and coins with their own means, professional cross-border transport of euro cash by road (i.e. by using a professional cash-in transit company) is however very difficult in practice.

The general objective of the present Commission initiative is to facilitate the free circulation of euro cash within the euro area by removing obstacles to the professional transport of euro cash by road between euro-area Member States, while ensuring that the transports take place under conditions that provide a high level of security for the CIT-staff and for the general public.

To facilitate professional cross-border transport of euro cash is, moreover, a natural and necessary complement to the European Central Bank's Roadmap for more convergence of National Central Bank (NCB) cash services and the creation of a Single Euro Cash Area for professional cash handlers. It is moreover complementary to the payment services directive[16] and SEPA – the single euro payments area[17], which aims at making electronic cross-border payments in euro as easy as domestic payments.

Ensuring the free circulation of euro cash furthermore fits into the wider EU policy context of creating a stronger, deeper, extended single market and remove bottlenecks to cross-border activity[18].

As explained in sections 2.1 and 2.2, the CIT-market has a local character and the potential cross-border market can roughly speaking be estimated to some 100 km on each side of the border for the majority of the transports.

As regards the free circulation of the euro, the specific objective should therefore be to facilitate transport in such border areas between euro-area Member States, while differences in national CIT-regulations outside this geographical space in principle have less impact on the free circulation of the euro. A reservation must, however, be made in regard to 'point-to-point' transports that may reach much further into the territory of another Member State. These transports, however, represent a minor share of all CIT-transports in terms of kilometres driven, hours worked and cash points serviced.

The purpose of facilitating cross-border cash transports is to make it possible for the CIT-sector and their customers to optimise their cash logistics and handling in the concerned regions, which would contribute to a more efficient cash cycle and to a reduction in the cost of cash. However, an increase in cross-border cash transports could at the same time lead to a possible negative effect on wage levels and/or employment in the CIT-sector in a given host country, if there are significant wage differences compared to neighbouring countries. While Member States should in general not be prevented from using their comparative advantages, a social minimum protection to be observed in the host country should at the same time be ensured for the staff in the CIT-sector in line with the existing principles in EU legislation.

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[16] Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC, OJ L319, 5.12.2007.

[17] The geographical scope of SEPA covers non-cash euro payments not only in the euro area but in the 27 EU countries as well as five other European countries.

[18] See for example the Commission Communication 'Europe 2020, A strategy for smart, sustainable and inclusive growth', COM(2010) 2020 final of 3.3.2010.

The general objective of security for the CIT-staff and for the general public means that attacks should as far as possible be deterred and that if an attack nevertheless takes place, it should result in a minimum of human damage. The specific objective should be that cross-border transports are at least as secure as domestic transports.

Finally, it is also important to ensure that there is clarity about the rules in force and their enforcement; what could be termed 'legal certainty' for management, staff and customers of CIT-companies and for the concerned national and European authorities.

4. DEFINITION OF BROAD POLICY OPTIONS

The following five main policy options for EU action in this area can be considered:

4.1. Option 1 – Baseline - No change compared to the current legal set-up.

This option would imply that the current national CIT-regulations continue to fully apply for the national territory of each euro-area Member State. Due to the large differences between national regulations[19], transport of euro cash across the borders, if at all possible, need to be carried out on the basis of specific authorisations granted by the authority of the host country.

4.2. Option 2 – Bilateral or multilateral agreement between those Member States potentially most concerned by cross-border transports

Under this option, those Member States that are potentially most concerned by cross-border cash transports would agree between themselves on a voluntary basis to establish procedures or common rules to facilitate such transports.

4.3. Option 3 - A set of common rules that would be valid in all euro-area Member States but limited to cross-border transports ('common cross-border rules').

This option focuses on cross-border transports only. It would imply the adoption of a set of common EU rules that would be applicable specifically to cross-border cash transports, while the existing national rules would continue to apply to domestic transports.

Under this option, two sets of CIT-legislation would co-exist in a given country: one that applies to domestic transports and one that applies to cross-border transports. In order to ensure a uniform application of the common rules, an EU Regulation would be the most appropriate legal instrument.

4.4. Option 4 - A system where authorisation in one Member State would be valid in all euro-area Member States ('full mutual recognition').

This option would mean that a CIT-company that has been approved to carry out euro cash transport in one Member State according to its national CIT-regulation, would be

19 See the problem definition, section 2.2.

authorised to carry out such transport in all euro-area Member States according to the rules on armouring, weaponry, IBNS, number of staff, etc. that apply in its Member State of origin. In theory, this option could be differentiated into a multitude of variants where mutual recognition only concerns some of the rules governing CIT-transport. However, in view of the many issues covered by national CIT-regulations, full mutual recognition seems to be a reasonable approximation of what would be needed to reach the objective of facilitating the free circulation of euro cash.

4.5. Option 5 - A full harmonisation of the regulation of CIT-transport by road in all euro-area Member States by way of EU legislation.

This option would mean that the national CIT-regulations would be replaced by common EU rules, not only for cross-border transports but also for purely domestic transports. The current regulatory obstacles to professional cross-border transport of euro cash by road would thus in principle be eliminated, since the transports would be carried out under the same rules in all euro-area countries.

4.6. Sub-options

A number of sub-options to options 3–5 can furthermore be considered:

a) *Extending the geographical scope to EU Member States that have not adopted the euro.*

The objective of the Commission initiative is to facilitate the free circulation of the single currency within the euro area. It may, however, be relevant to include the territory and possibly also the currency of other EU Member States as well, notably in the case of a country that is preparing itself actively for the introduction of the euro.

b) *Extending the scope of goods carried to other cash and possibly valuables.*

The scope of the initiative could be widened to include also other currencies (EU and non-EU) as well as other kinds of valuables. It could be seen as an advantage not to unnecessarily restrict the scope of the EU rules, since different currencies and valuables may be carried simultaneously in the same CIT-vehicle. Valuables include a variety of items apart from cash, such as diamonds, valuable documents, antiques etc.

c) *Restricting the scope to 'point-to-point' transports.*

Cash transport services can be divided into two main categories: 'point-to-point' (or 'wholesale') transport services and 'retail' transport services (see section 2.1 above).

This option would restrict the scope of EU action to cross-border point-to-point transports and the servicing of final customers such as commercial bank branches, large retailers or ATM by so-called 'multi-stop' or 'retail' transports would thus not be enabled by the EU rules.

5. APPRAISAL OF THE BROAD POLICY OPTIONS (FIRST-ROUND ASSESSMENT)

The appraisal in the present impact assessment is organised in two rounds. First, a general appraisal of the broad policy options is undertaken in this section. Thereafter, a more detailed assessment of the policy options that have the potential of reaching the objectives is made in Section 6.

As explained above, the current legal set-up (**Option 1 –** no change) means that professional cross-border cash transport, if at all possible, need to be carried out on the basis of specific authorisations granted by the authority of the Member State of destination. Apart from the administrative proceedings involved, this still involves the need to comply with two or more different complex sets of national rules.

Belgium as well as Luxembourg have introduced a light authorisation procedure for companies that are already authorised to carry out CIT-transport in the neighbouring countries. This means that it is enough that the CIT-company proves that it fulfils the Belgian or Luxembourgian requirements, but it does not need to undergo a full-scale authorisation procedure. This simplified authorisation is valid for a certain time period (five years in the case of Belgium). None of these countries has however signed a special agreement with the neighbouring countries.[20]

In view of the large number of national rules involved, not least security-related, it seems highly unlikely that such agreements would materialise spontaneously in the future on a larger scale, at least as far as 'retail transports' are concerned. It can therefore be concluded that Option 1 would not be effective in meeting the stated objective. It is however retained as the baseline option against which the costs and benefits of possible EU action should be measured. The possibility of bilateral or multilateral agreements between Member States is further examined under option 2 below.

Option 2 (Bilateral or multilateral agreement between those Member States most concerned)

This option would mean that euro-area Member States with land borders to each other and a potential for cross-border transports would agree on a bilateral or multilateral basis with their neighbours to allow foreign CIT-companies to operate on their territory. According to the external study on the potential market referred to earlier, the highest potential frequency[21] of cross-border transports concern the borders between Belgium, Germany, France, Luxembourg, the Netherlands and Austria, but there is a significant potential for transports also to and from other euro-area countries such as Italy, Slovakia, Slovenia, Portugal and Spain.

This option would mean that the currently eleven euro-area Member States with land borders to other euro-area Member States would agree to remove obstacles to professional cash transport across their mutual borders. This could take place among all eleven countries, at the level of different sub-groups, such as for example

- Belgium/Netherlands/France/Germany/Luxembourg
- Germany/Austria/Slovakia/Italy/Slovenia

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20 Source: Questionnaire to Member States' Permanent Representations of 17.7.2008.

21 Measured as transports/day.

- Spain/France/Italy/Portugal/Spain

or on a purely bilateral basis.

Market operators have however adapted to the current closed national markets and integrated this situation in their behaviour. National administrations may therefore not have enough incentives to change their regulatory framework in order to achieve a better functioning cross-border CIT-market. In the case of multilateral agreements, this could be compounded by the fact that the benefits may be unevenly spread among Member States. There is furthermore a general co-ordination problem when several Member States are involved, especially in the light of the large number of complex, sensitive and security-related issues and national rules related to cross-border cash transport.

Against this background, it seems highly unlikely that such agreements would materialise spontaneously on a larger scale, at least as far as 'retail transports' are concerned. This is confirmed by the fact that no agreement has so far been concluded during the more than eight years that have passed since euro banknotes and coins were introduced. Furthermore, even in the case of such an agreement, it would still only cover part of the euro area and it would not allow taking into account future enlargements of the euro area. An agreement at EU level therefore seems to be a more efficient and in practice the only possible approach to facilitate cross-border cash transport between all the concerned countries.

Bilateral or multilateral agreements could furthermore not lift the current restrictions for cross-border cabotage operations, which are limited to three cabotage operations in the host Member State within seven days according to EU law[22]. Since a CIT-vehicle may make 20-25 stops to deliver/pick up cash during a day, the current limitations to cabotage would in practice very severely limit the possibilities to service final customers across the border for vehicles covered by the EU rules.

Option 2 is not retained for further analysis, since it is not considered to be effective in meeting the objective of facilitating the free circulation of euro cash within the euro area.

Option 3 (a common set of rules applicable to cross-border CIT-transports only) would meet the objective of facilitating the free circulation of euro cash. Since it is limited to cross-border transports it would furthermore not go beyond what is necessary to achieve the objectives. On the other hand it would mean that two sets of CIT-regulation would co-exist on the national territory; the national rules applicable to domestic transports and the EU rules applicable to cross-border transports. In order for such a system to work, the EU rules must provide a high level of security for the CIT-staff and for the general public and must not be seen as compromising the security of the cash transports.

Option 3 is retained for further analysis, since it has the potential to meet the stated objective.

[22] See Regulation (EC) No 1072/2009 of the European Parliament and of the Council of 21 October 2009 on common rules for access to the international road haulage market (recast), OJ L 300, 14.11.2009, p. 72.

Also **Option 4** (full mutual recognition) would meet the overarching objective of facilitating the free circulation of euro cash, but it would mean that CIT-companies would be allowed to operate across borders under a theoretical maximum of 11 different sets of rules (counting euro-area countries with land borders to each other). In practice the number of possible different sets of rules would be lower, since CIT-vehicles normally return to their country of origin within the same day they left it and the distance they travel is thus limited by the daily action radius. It would however in any case be very confusing for the competent national supervisory and enforcement authorities if a CIT-vehicle can operate under several different national sets of rules on the territory of one Member State (e.g. under Belgian, German, French, Dutch or Luxembourgian rules on the territory of Luxembourg). This is even more the case in view of the sensitive issues under regulation, such as the possible carrying of weapons, type and calibre of the weapons carried, armouring and markings of the vehicles. On the basis of consultations of the stakeholders in the sector and notably of Member States' relevant authorities, it is fully clear that such a situation would be unacceptable in a sector that is by the nature of its business exposed to serious security threats and would not meet the objective of ensuring that the transports take place under conditions that provide a high level of security for the CIT-staff and for the general public. This option could also be seen as disproportionate since it could affect the whole territory of the host Member States, unless the scope of the option is specifically restricted to cross-border operations.

In theory, mutual recognition could be restricted to concern only some of the rules governing CIT-transport. However, this would mean that regulatory obstacles would remain. In view of the many issues covered by national CIT-regulations, full mutual recognition seems to be a reasonable approximation of what would be needed to reach the objective of facilitating the free circulation of euro cash.

Option 4 is thus not retained for further analysis since it could create important security risks for the CIT-staff and the general public. In the absence of specific measures to restrict the scope, it would moreover not be proportionate to the stated objective (cf. also option 5 below).

Option 5 (full harmonisation) would meet the objective of facilitating the free circulation of euro cash and would be consistent with a single euro cash area and the single market. However, since cross-border euro cash transport only concerns a limited part of all euro cash transport, it could be questioned whether it is proportionate (relative to the stated objective of facilitating the free circulation of euro cash between Member States within the euro area) to harmonise the rules for all CIT-transports, whether cross-border or not. A full harmonisation would furthermore be very difficult in view of the many sensitive and security-related issues involved in the area of CIT, not the least concerning the possession and carrying of weapons.

Option 5 is therefore not retained since it does not meet the criterion of proportionality between the means and the objective and would imply administrative and other adaptation costs for the whole CIT-sector, while regulatory obstacles in principle affect only border regions between euro-area Member States.

In addition, **sub-option a)** (Extending the geographical scope to EU Member States that have not adopted the euro) is retained, since it could be interesting for Member States outside the euro area if the scope of the common rules is extended to their territory and possibly also their currency. This could be particularly relevant for a country that is preparing itself actively for the introduction of the euro and is, moreover, coherent with overarching EU objectives such as realising the potential of the single market and creating a more competitive and connected economy.

Sub-option b) (Extending the scope of goods carried to other cash and possibly valuables) is partly retained since some stakeholders have pointed out the need for delivery and repatriation of other EU and EEA currencies. Valuables, on the other hand, include a variety of items apart from cash, such as diamonds, valuable documents, antiques etc. Including such diverse items under the scope of common rules whose objective is the free circulation of euro cash may risk complicating the legislative effort and deflect it from the core objective of the initiative.

Sub-option c) (Restricting the scope to 'point-to-point' transports) would imply limiting the scope of the common rules to 'wholesale' transports between (NCB, CIT and commercial bank) cash centres, while the servicing of final customers (commercial bank branches, large retailers, off-premises ATMs) would in principle be excluded.

In order to meet the objective of facilitating the free circulation of euro cash within the euro area by removing regulatory obstacles to the professional cash transport by road, all euro cash transports should normally be included in the scope of the rules. Limiting the scope to point-to-point would exclude the large majority of transports in terms of kilometres driven, hours worked and cash points serviced[23]. However, since some stakeholders have expressed their preference for this sub-option it is retained for further analysis.

The results for the broad policy options and sub-options are summed up in table 2 below on the basis of the following criteria:

- **Effectiveness:** The extent to which options achieve the objectives of the proposal;
- **Efficiency:** The extent to which objectives can be achieved for a given level of resources/at least cost, notably administrative costs for all parties involved (cost-effectiveness);
- **Coherence:** The extent to which options are coherent with the overarching objectives of EU policy.
- **Proportionality:** Community action should not go beyond what is necessary to achieve the objectives set.

[23] But not in terms of the *value* of the cash transported.

Table 2. Comparison of broad options and sub-options with the base-line 'no-change' option.
(0 no change/baseline, + positive, (+) somewhat positive, - negative)

Main options:	**Effectiveness** in reaching objectives	**Efficiency** in reaching objectives	**Coherence** with overarching EU objectives	**Proportionality**
1. No change	0	0	0	0
2. Bilateral or multilateral agreements	0	0	0	0
3. Common cross-border rules	++	++	++	++
4. Full mutual recognition	-	-	-	-
5. Full harmonisation	++	-	++	-
Sub-options:				
a) Extension of the scope to MS outside the euro area	(+)	(+)	+	(+)
b) Extend the scope to other cash	0	(+)	+	0
c) Restricting the scope to point-to-point transports	(+)	(+)	(+)	(+)

N.B. Option 2 – Bilateral or multilateral agreements – receives the same score as the baseline since it is not considered realistic that such agreements will materialise. Sub-option b) receives a (+) for efficiency since the possibility of carrying other cash together with euro cash in the same vehicle may reduce costs.

6. DETAILED ANALYSIS OF IMPACTS (SECOND-ROUND ASSESSMENT)

This section includes an assessment of the economic, social and environmental impacts of the retained broad option and sub-options, i.e. option 3 with sub-option a), part of sub-option b) and sub-option c). It also assesses the possible impact on the security of the transports.

The different impacts depend to a large degree on the size of the potential market and the extent to which it can be realised. In order to collect information on the current CIT-market and to estimate the size of the potential market for cross-border cash transport by road, if current regulatory obstacles to such transports are lifted, the lead service therefore launched an external study that was carried out by Ramböll Management[24]. As a general remark, it should be noted that due to security and competition concerns it is difficult to collect data on the CIT-market, such as values transported, turnover etc.

For the purpose of the assessment, the retained broad option 3 is developed into four specific options in order to take into account security-related or other sensitive issues:

Option A. National rules on the carrying of weapons by CIT-staff remain fully in force.

Option B. A number of CIT-transport types are established, with opt-out possibilities for the individual Member States.

Option C. Restriction of the scope of cross-border transport to one day and daytime, meaning that the CIT-vehicle shall depart from and return to its Member State of origin in the same day and the transport shall be carried out during daytime.

Option D. The majority of the number of cash deliveries/pick-ups made by a CIT-vehicle during the day must be carried out on the territory of the host Member State(s).

6.1. The current cross-border CIT-market

The current CIT-market is organised along national lines and CIT-companies have adapted to the national regulations. Cross-border cash transports by road in the euro-area are very limited. According to the external study referred to in Section 2.4 above, reported cross-border operations concern coins mainly[25], whereas transports of banknotes is limited to a few cross-border regions[26].

6.2. A set of common rules limited to cross-border CIT transports

This option implies the introduction of a common set of rules for cross-border CIT-transports that are valid for all euro-area countries. The common rules would thus replace the current national rules, except for specific areas where it is explicitly stated that national rules continue to apply (see specific options A and B). The analysis of

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24 Available at the website of the European Commission at: http://ec.europa.eu/economy_finance/articles/euro/2010-02-26-cross-border-cash_en.htm

25 Cases were reported between Portugal/Spain, Belgium/the Netherlands, Belgium/Germany and Italy/Austria.

26 Cases were reported between Austria/Slovenia, Austria/Germany and Luxembourg/Belgium.

impacts is based on the broad lines of the envisaged rules that were annexed to the White Paper of 18 May 2009 and that have subsequently been further discussed in an expert group with representatives from Member States' administrations. The assessment is first based on the impact of a set of common rules that cover all aspects of cross-border transports without restrictions to the scope and without national derogations (section 6.2.1-6.2.3). The effect of the different derogations and restrictions to the scope foreseen under the four specific options are subsequently assessed (sections 6.2.4) and finally, the impact of a set of cross-border rules on the security of the transports is assessed.

6.2.1. Potential economic impact

A set of common rules that would generally allow cross-border CIT-transports within the euro area, as opposed to limited possibilities of specific authorisations, could be expected to bring a number of economic benefits. These would include cost savings and reduced administrative burden resulting from integrated cash handling and CIT contract management for the 'demand side', i.e. banks, big retailers and other cash handlers that have subsidiaries or branches on both sides of a national border within the euro area. Increased competition between CIT-companies in border regions could also be expected to bring economic benefits in terms of better prices and/or a better service level.

From the perspective of the 'supply side', i.e. the CIT-companies that provide the transport and often also the processing services (packaging, counting and sorting of cash) for the customers, common cross-border rules will provide possibilities for logistical improvements and related cost-savings. Cash transports in border regions and notably multi-point servicing can be planned and carried out in a more optimal way across the national borders. Over the longer term, this may also lead to relocation and/or rationalisation of cash centres in order to optimise cash logistics in border regions. On the other hand, the introduction of new rules may imply initial and other adaptation costs for cross-border operations in terms of training, possible investments, staffing requirements etc.

However, cross-border cash transports means not only potentially cheaper service, but also potentially better service for which customers may be willing to pay more. As an example, a big retailer may be better served from a cash center across the border that could more easily deliver/pick-up cash on a daily instead of on a weekly basis. Lifting obstacles to cross-border transport could in this example have a positive impact on the costs/risks of the retailer (less storage/security costs and risks involved) which could have a positive impact on the CIT-business as more frequent deliveries and additional turnover would be created.

Common rules that generally allow cross-border cash transports might also lead to a streamlining of the networks of the national central banks in border areas with less overlaps. This could also lead to cost-savings at the European level.

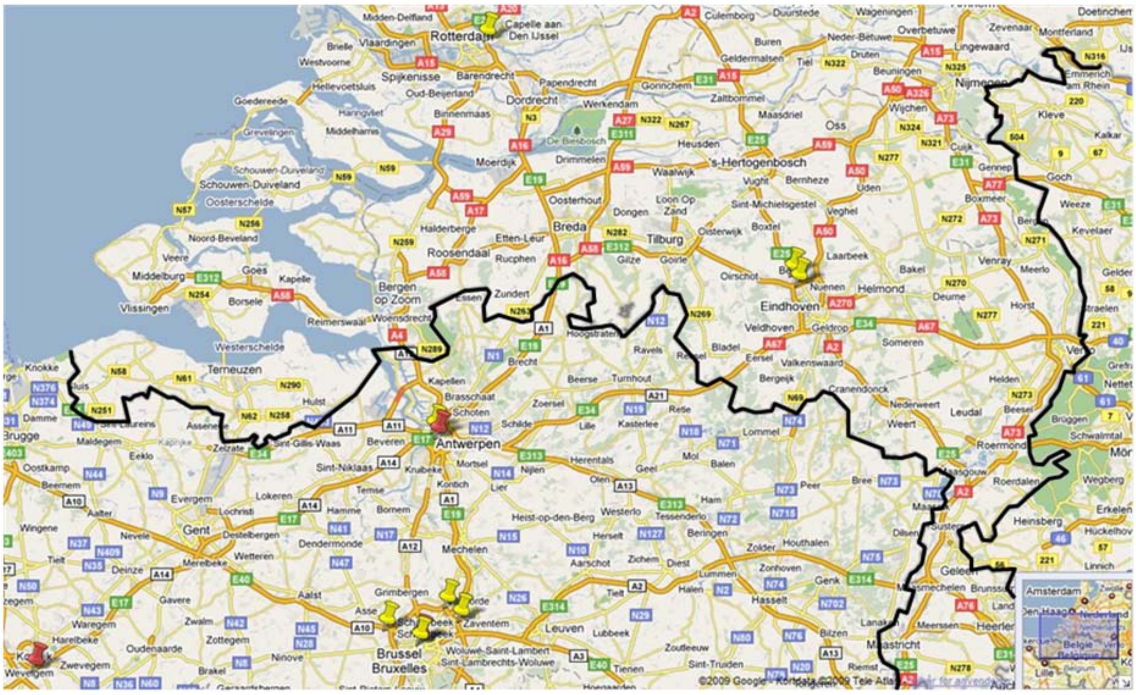
The potential for logistical improvements and related cost-savings can be illustrated by two examples:

A. Parts of the Netherlands, such as for instance the southern part of the Dutch province Zeeland – Zeeuws Vlaanderen – including the city Terneuzen (see Map A below). For those banks that operate bank branches and ATMs in both Belgium and the Netherlands, it would be more optimal from a logistical point of view if cash transports were provided from cash centres in Antwerpen in Belgium than from Dutch cash centres in Rotterdam or Eindhoven.

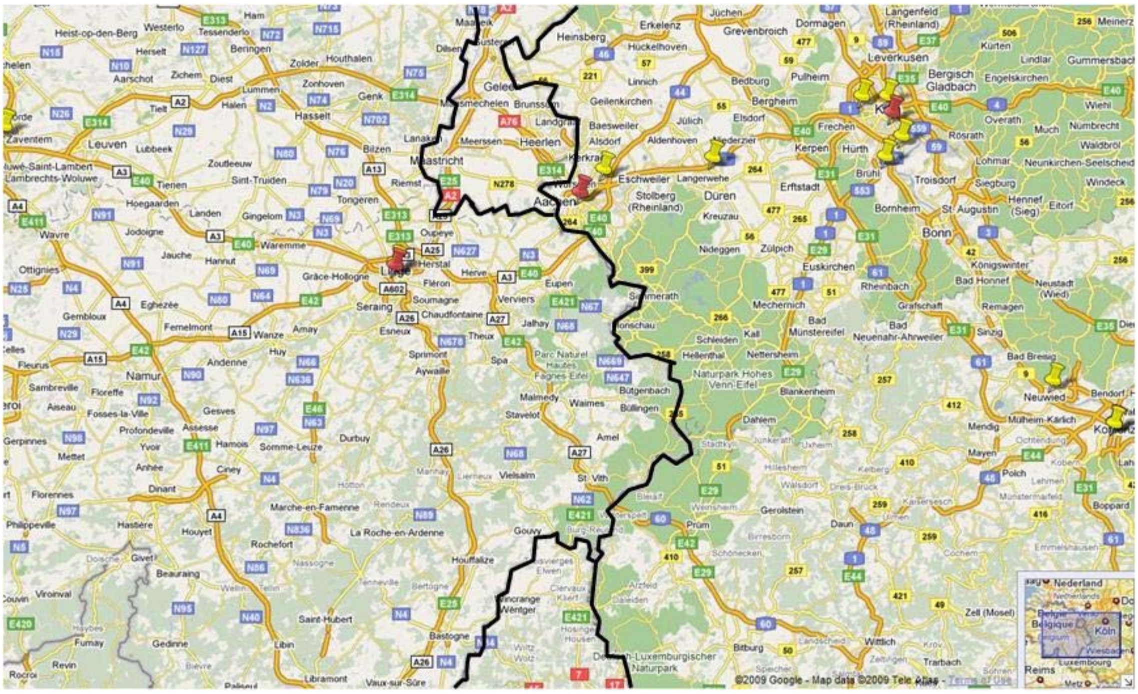
B. The German, Belgian and Dutch region around the cities Aachen, Liège and Maastricht (see Map B below as well as Map 1 in Annex 5) provide a large area with many inhabitants and related number of bank branches and ATM's. There is a CIT cash centre and an NCB branch in Liège in Belgium and a CIT cash centre and an NCB branch in Aachen in Germany. Given the long distances between Maastricht and the nearest Dutch CIT cash centres in Eindhoven it could be more efficient to provide CIT-transport services from Liège or Aachen. This would notably be relevant for those banks that operate branches and ATM's on both sides of the border. An easy implementation of such a logistical model would however require a minimum harmonisation of the relevant CIT-rules in the concerned border region.

The yellow pins in the maps below symbolise CIT cash centres and the red pins NCB branches with cash services. NB. Although partly hidden in the maps, there are NCB branches as well as CIT cash centres in Antwerpen, Brussels and Liège.

Map A. Southern Netherlands/Northern Belgium



Map B. The Aachen/Liège/Maastricht-area



The potential cross-border market has been estimated in an external study as explained more in detail in Section 2.4 above. According to this study, it is estimated that the potential long-term market, assuming that all obstacles to professional cross-border euro cash transports by road are lifted, would amount to around 2.6 % of the total market (expressed in terms of the value of all euro cash ordered to CIT-companies), which would correspond to some 77 000 cross-border transports[27] potentially being carried out each year in the 11 euro-area countries that have land borders to other euro-area countries. This is a large increase compared to the current situation and indicates that there is a potential for a significant increase in cross-border euro cash transports if regulatory obstacles are lifted.

The above estimation is based on current traffic flows. It is, however, difficult to predict what the effects of opening the cross-border market may be. As mentioned above, increased possibilities for cross-border cash transports may have a positive impact on the CIT-business in terms of more frequent deliveries and additional turnover.

27 A transport meaning a CIT-vehicle that crosses the border twice; once on its outbound journey and once on its homebound journey.

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and the

Proposal for a Council Regulation (EU) No zz/yy concerning the extension of the scope of Regulation (EU) of the European Parliament and of the Council No xx/yy concerning the professional cross-border transportation of euro cash by road between euro-area Member States

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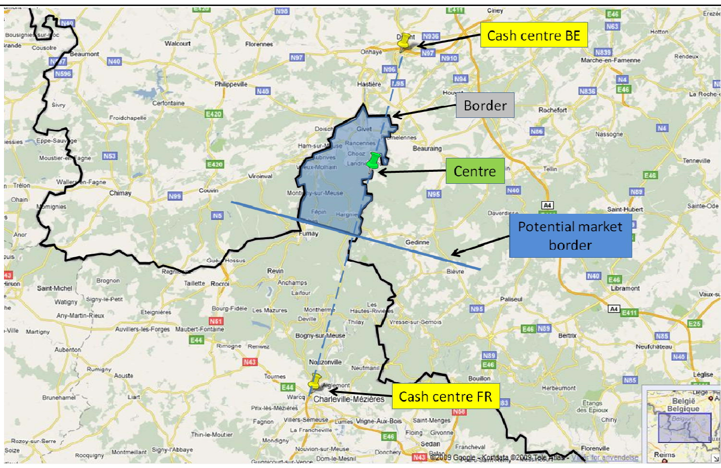
VOLUME II

6.2.2. *Potential environmental impact*

The removal of a barrier to transport represented by a national border removes a logistical constraint for CIT-transports in border regions and thus makes it possible to plan and carry out CIT-transports in a more optimal way. This will also, ceteris paribus, lead to shorter transports overall and a reduction in fuel consumption and related CO_2 and other emissions. An attempt at quantifying such potential savings was made in the external study on the potential market for cross-border cash transport referred to above.

The estimation of the potential savings in travel distance was based on the reduction in driving distance when using a cash centre on the other side of the border compared to using the domestic cash centre, cf. the blue area labelled "potential market" in the hypothetical example below.

Example A:



In this example it is assumed that there is a cash centre near the Belgium-French border at the town of Dinant (Cash centre BE) and on the French side of the border in the town of Charleville Mezieres (cash centre FR). The blue area indicates the potential market for cross-border transport measured in terms of the part of France, where French CIT customers have a shorter distance to the cash centre located on the Belgium side of the border (Cash centre BE) than the cash centre located on the French side of the border (Cash centre FR) and where the French costumers are located within the action radius of the Belgian cash centre. The blue straight line defining the blue area indicates the place where there is an equivalent distance to the two cash centres in question. The green pushpin in the blue area indicates the centre of the area that is assumed to be the average distance to the potential market.

A general approach was used aimed at assessing the average of the savings in distance that may accrue from cross-border CIT transport within the potential market zone (for further details, see Annex V). This approach was applied to each of the 19 border areas between euro-area countries examined in the report. It should be emphasised that this is a simplified and theoretical exercise, which nevertheless could provide some indication of the magnitude of these savings.

The results show that the typical savings in travel distance is around 19 km pr outgoing or ingoing trip, but also that these distance savings are subject to significant variations across the different border areas. In some areas the savings in distance are only around 2-4 kilometres, while the savings in other border areas are as high as 54 kilometres per trip. The estimated savings pr trip can be aggregated into total savings pr. day and pr. year. This shows that cross-border CIT transports can save around 2.8 million km pr year in the long-term. This corresponds to 0.8 percent, respectively, out of the total kilometres that CIT-vehicles travel per year.

In terms of associated savings in fuel and CO_2 emissions, the reduced travel distance means reductions in fuel consumption estimated to 0.4 million litres of diesel per year in the long-term, while the reductions in CO_2 emissions are some 850 tonnes.

Facilitating cross-border cash transports are thus likely to produce some environmental benefits, but of a limited magnitude relative to the total number of kilometres, fuel consumed and CO_2 and other emissions. As mentioned at the beginning of Section 6, the savings depend also on the extent to which the potential market can be realised.

6.2.3. Potential social impact

If regulatory obstacles to the professional cash transport by road are successfully removed, leading to a significant increase in cross-border transports and a more efficient cash cycle, this would strengthen the competitiveness of the sector as a whole. This is in the long-term interest of the workers in the sector in order to safeguard jobs and salaries.

The extra qualifications needed by staff in order to carry out cross-border transports, such as language skills, knowledge about CIT-legislation and procedures in the host country etc, should also provide incentives for the employer to pay higher salaries to staff possessing such skills. In this context, appropriate training is obviously important. Minimum training requirements should therefore be foreseen as part of common cross-border rules (which is not required in all euro-area countries), which should inter alia cover cross-border CIT-legislation and procedures, applicable national legislation and rules covering CIT.

As explained in the problem definition above, a significant increase in cross-border transports may, however, also have negative social effects in the host countries. This concerns notably a possible effect on wage levels and/or employment in the CIT-sector in a given host country, if there are significant differences in salaries compared to neighbouring countries. It may therefore be justified to mitigate the potential social impact in the host country by ensuring a minimum protection of the workers in line with the principles of existing EU legislation. Directive 96/71/EC of the European Parliament and of the Council is intended to provide for a minimum protection to be observed in the host country in the case of workers who are posted to perform temporary work there. According to the Directive, Member States shall ensure that workers posted to a host country are guaranteed a number of terms and conditions of employment, provided these are laid down by law or by collective agreements that have been declared universally applicable[1]. These include minimum rates of pay, including overtime rates, as well as paid annual holidays, maximum work periods and minimum

[1] For the full text, see Article 3(1) of Directive 96/71/EC.

rest periods, health, safety and hygiene at work, protective measures for pregnant women etc.

In view of the specific character of CIT transport services there is however a need to clarify the application of Directive 96/71 to cross-border cash transport services. This concerns notably the frequent and short-term nature of the potential work periods abroad, for instance once a week but where each period in the host country amount to less than a day. CIT-staff might furthermore work in more than one host country in one day. This situation would require complicated pro-rata calculations and consequently also a need to measure the number of hours that CIT-staff spends in the host country(ies). Moreover, the different contractual situations in the CIT-sector may require a case-by-case assessment of whether the Directive applies. The CIT-company may either provide its service (cash deliveries/pick-ups) under a direct contract with the service recipient (a bank or a retailer) or it may provide its service to the service recipient (in this case a retailer) under a contract with the bank of that retailer. In the latter case, the Directive may not be applicable.

In order to create legal certainty for the concerned operators and in order not to impose an unnecessary administrative burden on the operators, which could in practice have the effect of seriously impeding the possibility of carrying out such cross-border transports, the following specific provisions should therefore apply to cross-border cash transports:

- It should be clarified that the minimum protection of workers foreseen by the Directive should apply to *all* cross-border cash transports carried out under the common rules.
- Furthermore, the minimum protection should be limited to the minimum rates of pay, including overtime rates, according to the universally applicable collective agreement for the relevant sector (or, failing that, according to the statutory minimum wage). In order to avoid complicated pro-rata calculations, these minimum rates of pay should, furthermore, be guaranteed for the duration of the *whole* working day (also in cases where only part of the day would be spent abroad).

These simplifications are justified by the specific character of the CIT-sector. However, if it follows from existing contracts, regulations or administrative provisions as well as practical arrangements that the worker will carry out his work in another Member State for an extended period, i.e. more than 100 days (fully or partially spent) in a calendar year, it is appropriate that the minimum protection should include all the terms and conditions of employment covered by the Directive (i.e. also holidays, maximum work periods and minimum rest periods etc).

Due to the specific characteristics of the CIT-sector, it is also necessary to foresee a derogation from the general rules in the transport sector as regards cabotage (limited to three cabotage operations in the host Member State within seven days according to the recast Regulation on common rules for access to the international road haulage market). While the envisaged common rules foresee that the CIT-transport should return to its Member State of origin in the same day as it left (see Section 6.2.4), no limit to the number of cash pick-ups/deliveries are foreseen since a CIT-vehicle that is carrying out retail transport may do up to 20-25 such stops a day.

Table 3 below attempts to give an indication of the situation for cross-border transports, if the minimum rates of the host country apply (provided it is higher than the actual salary paid to the worker under his labour contract). 'Home' means home country actual salary according to the labour contract and 'Host' means host country minimum rates. It should be pointed out that the minimum rates of pay in the table may be underestimated, since they only include the basic salary in the relevant collective agreements (if universally applicable) but not possible premiums or allowances therein. The extent to which other wage elements may be taken into account for the calculation of minimum rates of pay depends on the situation in each Member State and remains to be clarified. The existence of universally applicable collective agreements is based on an analysis by the lead service of the relevant collective agreements and national legislation and is not based on official communications from Member States.

The envisaged 'minimum protection rule' would ensure that the minimum rates of pay according to the universally applicable relevant collective agreements cannot be undercut in Belgium, the Netherlands, Luxembourg, France, Italy, Austria, Spain and Portugal, which according to the abovementioned analysis all have such agreements.

Table 3. Applicable salary if minimum rates of host country applies (statutory minimum wage or minimum rates according to universally applicable collective agreements)

In grey 'from-fields': actual gross (pre-tax) salary. In grey 'to-fields': minimum rates of pay according to universally applicable relevant collective agreements (UACA) or, failing that, statutory minimum wages (SMW).

To / From	BE (2153-2408 €) (UACA)	DE	NL (1386-2067 €) (UACA)	LU (1879-2560 €) (UACA)	FR (1297-1560 €) (UACA)	IT (1015-1798 €) (UACA)	AT (1460 €) (UACA)	SI (589 €) (SMW)	SK (296 €) (SMW)	ES (917-961 €) (UACA)	PT (943 €) (UACA)
BE (2365 €)		Home (2365 €)	Home (2365 €)	Depends	Home (2365 €)						
DE (*) **(1315-2261 €)**	Depends		Home (2135€ / 2261€)	Host	Home		Home				
NL (1902 €)	Host (2153 to 2408 €)	Home (1902 €)		Normally Host	Home (1902 €)						
LU (2572 €)	Home (2572 €)	Home (2572 €)	Home (2572 €)		Home (2572 €)						
FR (2268 €)	Depends	Home (2268 €)		Depends		Home (2268 €)				Home (2268 €)	
IT (2083 €)					Home (2083 €)		Home (2083 €)	Home (2083 €)			
AT (2077 €)		Home (2077 €)				Home (2077 €)		Home (2077 €)	Home (2077 €)		
SI (1083 €)						Depends	Host (1460 €)				
SK (750 €)							Host (1460 €)				
ES (1754 €)					Home (1754 €)						Home (1754 €)
PT (1189 €)										Home (1189)	

* Collective agreements in Germany are concluded at the level of each Land. For salaries in the relevant German Länder, see table 1.

Sources: Collective labour agreements in the CIT-sector and national legislation (for minimum rates of pay according to universally applicable collective agreements), Eurostat (for statutory minimum wages), ESTA, 2010 (for BE, ES, FR, LU, NL, AT, PT, SI and SK). Replies to questionnaire of 17.7.2008 to Member States' permanent representations (for IT). Bundesvereinigung Deutscher Geld- und Wertdienste e. V. (for DE). The minimum monthly salary according to collective agreements does not include possible 13/14th months or risk premiums. For statutory minimum wages, the data has been adjusted to take extra monthly payments into account. Actual monthly salary is actual annual salary divided by 12 including risk allowances etc.

NB: Euro-area countries with no land borders to other euro-area countries are not included in the table.

Based on the information in the table, such a clarified 'minimum protection rule' would in practice ensure that CIT-workers that carry out cross-border cash transports over the borders from the Netherlands would be entitled to the minimum rates of pay in Belgium according to its universally applicable collective agreements in the CIT-sector. For possible cross-border transports from Germany to Belgium, it would mean that workers under collective agreements from Rheinland-Pfalz/Saarland would be guaranteed the Belgian minimum rates, whereas for workers under collective agreements from Nordrhein-Westfalen it seems to depend on the profile of the worker (seniority etc), but the rates of pay could in any case not undercut the Belgian minimum rates.

Staff carrying out cross-border transports from Germany to Luxembourg would also be guaranteed the minimum rates in force in Luxembourg. The Austrian minimum rates of pay would likewise apply to CIT-staff that carry out cash transport from Slovakia to Austria.

As already mentioned there is a difference between the minimum rates of pay and the actual salary. The latter may include elements such as extra monthly payments, risk allowances and other extra premiums, which may or may not be part of the minimum rates of pay under universally applicable collective agreements. The definition of the concept of minimum rates of pay is in principle a matter for the Member States, i.e. in this context the host Member State.

The table below attempts to provide an indication of the magnitude of other elements of the salary paid to CIT-staff carrying out cash transport compared to the basic salary. It should be underlined that these figures may not be strictly comparable across the Member States, so they should be treated as a rough indication. It presents the actual gross "base" salary as well as the other wage elements in ten of the eleven euro-area countries with land borders to the euro area.

Table 4. Gross (pre-tax) base salary and other wage elements

In euro/year if not otherwise indicated	BE	DE*	ES	FR	LU	NL	AT	PT	SK	SI
Base salary	25 374	21 912	14 421	20 000	27 062	22 830	24 928	12 854	9 000	13 000
Seniority 24 months			-	400	476			0		
Risk premiums			2 016	2 800	1 068			0		
Other payments/incentives	3009		4 612	4 021	2 255			1 418		
TOTAL	28 383	21 912	21 048	27 221	30 861	22 830	24 928	14 272	9 000	13 000
TOTAL/12 (€/month)	2 365	1 826	1 754	2 268	2 572	1 902	2 077	1 189	750	
Other wage elements in % of base salary	12	0	32	36	14	0	0	11	0	0

Source: ESTA, 2010.

* The figure for Germany is an average, since collective agreements are concluded at the level of the Länder.

As can be seen from the table, other wage elements constitute between 0 % and 14 % of the base salary ineightof the ten countries in the table, whereas in Spain and France they represent around a third of the total salary. Other wage elements consequently seem to represent a large share of the salary in at least some euro-area countries.

The social partners in the sector, i.e. UNI-Europa and CoESS have declared that they jointly agree that CIT-staff working abroad should be guaranteed the full host country salary (provided it is higher than the home country salary), including all other wage elements. However, it seems difficult to justify such a derogation from the principles of the Directive on the posting of workers, which intends to ensure a *minimum protection* for workers.

A clarified rule on applicable minimum rates of pay in the host country, as outlined above, could thus, with some possible reservations regarding other wage elements, be considered as an effective 'minimum protection rule' in order to mitigate potential negative social effects in the host countries of an increase in cross-border cash transports.

6.2.4. Specific options: Non-harmonised rules on the carrying of weapons, National derogations from authorised transport types and Restrictions of the scope of the common rules

The potential impact of common rules may be reduced if all relevant rules are not harmonised, such as national rules on the carrying of arms and possibilities of national derogations from authorised transport types. The envisaged common rules annexed to the White Paper and subsequently elaborated in the expert group with representatives from Member States' administrations foresee two main derogations from harmonised cross-border rules in order to take into account real or perceived security concerns:

A. The CIT security staff must comply with the existing legislation in the Member State of origin, in the Member State(s) crossed and in the host Member State(s) as regards the carrying of weapons and the maximum permitted calibre.

B. Cross-border cash transport may be carried out under a number of different authorised types of transport, which are modelled on the existing authorised transport types in euro-area Member States. It is, however, possible for each Member State to decide that one or several transport types do not apply on its territory ("opt-out") as long as they do not opt-out from all of them (for an overview of the main transport options, see section 6.2.5 and Annex 4).

The consultations with Member States' administrations and other stakeholders have shown that these exceptions are seen as necessary in order to ensure a high level of security and that they are a necessary precondition for achieving a sufficient consensus on common cross-border rules for cash transports.

In order to examine the extent of the obstacles to cross-border cash transport that may result from national weapons legislation, data on national weapons legislation under the different transport types foreseen were collected via a questionnaire to Member States[2].

2 Questionnaire of 17.7.2009, ref Ares(2009)177142.

The national weapons legislation may raise serious obstacles to cross-border transports in two cases: a) if the carrying of weapons is prohibited by national legislation in one country and mandatory in another, and b) if a particular type or calibre of weapon is prohibited in one country and mandatory in another.

The analysis of the replies to the abovementioned questionnaire shows, however, that in almost all cases, the carrying of weapons is either mandatory or allowed, which is mutually compatible, provided that the type and calibre of the weapon is allowed in both countries (for an overview of the replies see Annex 4). Potential problems with the type and calibre are also limited to a few cases.

There are in some cases obstacles for some transport options between some countries, which are not necessarily immediate neighbours, such as the Netherlands, where the carrying of weapons is prohibited under all transport options, and France or Luxembourg where the carrying of weapons is compulsory for some transport types (but not for all). In Belgium, CIT-staff is generally armed, but this is not a requirement by law but a result of collective labour agreements. CIT-transports from a country where the carrying of weapons is mandatory into a Member State where the carrying of weapons in general or the particular calibre is prohibited may furthermore make use of the possibility foreseen by the envisaged common rules of locking the weapons into a strong-box in the vehicle. Once locked, the content of the strong-box is inaccessible to the CIT-staff in the vehicle and can only be opened by remote control by the control room of the CIT-company once the vehicle leaves the country in question.

Although the different national rules in the field of weapons are likely to reduce the potential cross-border market to some degree, it can be concluded that they do not create major problems for cross-border transports. Although some transport options would be excluded, transport would still be possible under other options. Furthermore, the envisaged common rules also foresee concrete measures to reduce the impact of the different national rules through rules on mutual approval of equivalent weapons training, on facilitation of applications for weapons licences etc.

As for the possibility for Member States of opting out from one or several transport options for their own territory (provided they do not authorise comparable transport modalities for domestic transports) it is difficult to exactly forecast the extent to which this possibility might be used. Based on the discussions in the expert group with Member States, it seems that opting out might in some cases concern transports in unarmoured vehicles (equipped with IBNS), whereas it seems likely that transports with fully-armoured vehicles will be possible in practically all cases[3]. It seems clear that cross-border transport will in all cases be possible under at least one transport option. The possibility of national opt-outs therefore does not seem to create major obstacles for cross-border transports either, although it is likely to reduce the potential cross-border market to some degree.

The maintaining of national weapons legislation and opt-out possibilities from the authorised transport types are a result of political compromises on security-related issues that are very sensitive to Member States. However, the proposal foresees in all

[3] Moreover, an opt-out from the transport type with fully-armoured vehicles is not possible for point-to-point transports according to the envisaged common rules.

cases solutions that enable cross-border transports (strong-box, standardised transport options, recognition of equivalent weapons training, etc.).

The potential impact of common rules may moreover be reduced if there are restrictions foreseen for the scope and definition of cross-border transports. The envisaged common rules annexed to the White Paper and subsequently elaborated in the expert group with representatives from Member States' administrations foresee the following restrictions of the scope in order to take into account real or perceived security threats or avoid undue circumvention of national rules:

C. Cross-border transportation of euro cash shall be carried out during daytime (defined as 06.00–22.00) and the CIT-vehicle shall depart from and return to its Member State of origin in the same day (an exception is, however, foreseen for point-to-point transports that may be carried out within a time-slot of 24 hours, provided that night transport of cash is already allowed under the national rules in the Member State(s) in question).

D. At least the majority of the number of cash deliveries/pick-ups made by a CIT-vehicle during the day must be carried out on the territory of the host Member State(s) in order for the transportation to be considered as cross-border (whereas for point-to-point transports it is enough that the transport takes place between two different participating Member States).

The restriction foreseen under the specific option C is not expected to have any significant impact on the extent of cross-border cash transportation, since it is common practice in the sector that the cash transports are carried out during daytime and that the vehicle returns to its cash centre of origin at the end of the shift. It will, however, provide legal certainty for everybody involved that it will not be possible for CIT-vehicles to spend the night under non-secure conditions in another country.

The restriction foreseen under the specific option D is a result of the consultations with Member States' administrations and is intended to avoid that transports that are predominantly domestic fall under the cross-border rules just because a few stops are made at the other side of the border. It is likely that this rule will imply a reduction of the potential number of cross-border 'retail' transports. The consequences of this restriction on the cross-border business should however not be overestimated in the sense that, in practice, CIT Companies would not invest time and resources to comply with the new cross-border rules for just a few customers on the other side of the border.

6.2.5. Potential impact on the security of the transports

Due to the nature of the goods transported, the CIT-market is characterised by important inherent risks. The number and type of attacks furthermore vary significantly across countries. It is crucial that common rules for cross-border cash transport provide a high level of security for both the staff and the general public.

The envisaged common rules have therefore been the subject of an extensive consultation process as outlined in Section 1 above, involving the different stakeholders in the sector, such as security transporters, banks, retailers, insurers, manufacturers of IBNS, the social partners, Mints, Europol, the ECB and the Eurosystem as well as representatives of Member States' administrations (Finance Ministries, Ministries of Interior and Justice, Central Banks and police authorities).

In order to ensure a high level of security, the envisaged common rules foresee high standards in the relevant fields, such as licensing requirements, the repute and integrity of CIT-staff including managers and members of the board, appropriate training of CIT-staff before carrying out cash transports in another country, due respect of national weapons legislation, appropriate communication with the national police forces, respect of national rules to ensure the security of the cash delivery and pick-up locations, mutual information between Member States, authorised transport modalities, including rules on the number of staff and on the equipment and armouring of the CIT-vehicles, compulsory bullet-proof vests for the staff when using armoured vehicles, appropriate monitoring and penalties in case of infringements of the rules.

An additional safeguard is the envisaged rule that the CIT-vehicle shall depart from and return to its Member State of origin in the same day (except for point-to-point transports that may be carried out within a time-slot of 24 hours, provided that night transport of cash is already allowed under the national rules in the Member State(s) in question). This rule is intended to ensure that it will not be possible for CIT-vehicles to spend the night under non-secure conditions in another country.

The envisaged common rules foresee a number of different transport types[4] modelled on the existing transport types in Member States, with different rules on minimum level of staffing, bullet-proof vests, uniforms etc. However, if a Member State considers that a particular transport type (or types) does not ensure sufficient security on its territory, it may decide that this(ese) transport type(s) will not be authorised on its territory (obviously provided it does not allow comparable transport types for domestic CIT-transports).

Finally, shorter transports overall due to increased possibilities of using a more closely located cash centre at the other side of the border may imply a reduction of the risk of attacks.

It can be concluded that the envisaged common rules provide a high level of security for cross-border transports.

6.3. Sub-options

6.3.1. Extending the geographical scope to EU Member States that have not adopted the euro.

The objective of the Commission initiative is to facilitate the free circulation of the single currency within the euro area. It could, however, be interesting for other EU Member States that the envisaged common rules cover their territory and possibly their currency as well.

Such a possibility could be particularly relevant for countries that are close to adopting the euro in order to adapt in advance to rules that will in any case come into force upon

[4] For transports of banknotes only or banknotes and coins these are: unarmoured vehicle of ordinary appearance equipped with IBNS, unarmoured vehicle with clear markings that it is equipped with IBNS, cabin-armoured vehicle equipped with IBNS, fully-armoured vehicle not equipped with IBNS, fully-armoured vehicle equipped with IBNS, whereas for coins only the envisaged transport types are: unarmoured vehicle and cabin-armoured vehicle.

joining the euro area. Meanwhile, it could be an advantage if euro cash and possibly also the still existing national cash could be transported as easily as possible across the border. On the other hand, if differences in salaries are very substantial it could also give CIT-companies in the (low-cost) country such an advantage that it could have a substantial negative social impact in the host country(ies).

Table 5 below shows the actual salaries paid to CIT-staff in the most relevant non-euro area Member States bordering the euro area, compared with the actual salaries in the neighbouring euro area countries. Salaries may vary according to, for instance, years of experience, qualifications and age and may in some cases have changed since the information was collected. For these reasons, the information below should be seen as indicative.

Table 5. Actual gross salaries in the CIT-sector in some EU Member States with land borders to euro-area Member States.

Non-euro area Member State	*Actual monthly salary*	*Actual monthly salary in bordering euro-area country, or in the case of Germany, the bordering Bundesland* *(bordering non-euro area country in parenthesis)*
Poland	*472 €*	*Mecklenburg-Vorpommern & Brandenburg 1315 € (PL)* *Sachsen 1289 € (PL, CZ)*
Czech Republic	*605 €*	*Bayern[a] 2121-2195 € (CZ)*
Hungary	*513 €*	*Austria 2077 € (CZ, HU)*
	Exchange rates used (1 € =): 4,2 PLN, 25,5 CZK, 273 HUF.	*[a] Depending on the location ("Ortsklasse").*

Sources: ESTA, 2010 (for PL, CZ, HU and AT). Bundesvereinigung Deutscher Geld- und Wertdienste e. V. (for DE). Actual monthly salary is actual annual salary divided by 12 including possible risk allowances, premiums etc.

N.B. In Germany, collective agreements are concluded at the level of each Land.

Based on the information in the table, salary differences between the listed euro-area countries and neighbouring non-euro area countries are very substantial. Salaries are over 60 % lower in Poland than in the neighbouring German Länder of Mecklenburg-Vorpommern, Brandenburg and Sachsen. Salaries in the Czech Republic are somewhat higher, but still less than half of those than in neighbouring Sachsen and over 70 % lower than in the bordering Land of Bayern. Compared to Austria, salaries in the Czech Republic are around 70 % lower, whereas salaries in Hungary are 75 % lower.

Salary differences of this magnitude may have a significant negative social impact in the host country. Such an impact could however be substantially mitigated by the 'safety net' outlined in section 6.2.3. The foreign company would thus be obliged to pay at least the Austrian minimum rates of pay to CIT-workers that are posted there. As regards the German Länder referred to above, there is however currently not any universally applicable (within the meaning of Directive 96/71/EC) collective agreement in the CIT-sector (neither any statutory minimum wage).

A possibility for other EU Member States to be covered by the common rules, for their territory and possibly their currency, could have a more significant impact in Germany in the absence of universally applicable collective agreements there. The legal possibility to declare collective agreements as universally applicable does, however, exist[5], but it is a matter of German national competence whether to use this possibility.

Since there will in many cases be an increased need for cross-border euro cash transportation in the run-up to the changeover, it would facilitate the preparations of the changeover if the common cross-border rules would at least apply during the run-up to the changeover, e.g. as from the date of the decision to lift the derogation from participating in the euro (which is taken around six months in advance of the actual changeover). Transport of the still existing national cash could also be included, but falls outside the general objective of the present initiative and generally seems to be of lesser importance.

6.3.2. Extending the scope of goods carried to other cash.

Some stakeholders in the banking sector have argued that there is a need also for delivery and repatriation of other EU and EEA currencies, which should not be prevented. This would not contribute to achieving the objective of the initiative, which is to facilitate the circulation of euro cash, but could be desirable from a general point of view. It may also reduce costs if CIT-vehicles are able to transport euro cash and other cash in the same vehicle.

Broadening the scope of the common rules might, however, also complicate the adoption process for comparatively little added value.

It does therefore not seem necessary to generally include other currencies than euro cash in the scope of the envisaged common rules.

6.3.3. Restricting the scope to 'point-to-point' transports

Restricting the scope to point-to-point transports would exclude the large majority of transports in terms of kilometres driven, hours worked and cash points serviced (although not in terms of value of euro transported). The potential economic, and also environmental, impact would thus be much reduced. The strong limitation of the scope would, on the other hand, also reduce possible social consequences and could facilitate the application of the rules on minimum protection of cross-border workers in Directive 96/71 on the posting of workers.

The objective of the present Commission initiative is, however, to facilitate the free circulation of euro cash within the euro area and this sub-option would not remove the

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[5] See updated 'Gesetz über zwingende Arbeitsbedingungen für grenzüberschreitend entsandte und für regelmässig im Inland beschäftigte Arbeitnehmer und Arbeitnehmerinnen', Bundesgesetzblatt Nr 20, 23.4.2009.

major part of the current regulatory obstacles. It therefore only partially meets the stated objective.

6.4. Administrative burden

Administrative costs are defined as costs incurred in meeting legal obligations to provide information on their action or production.

As regards the CIT-companies, the information obligations that are foreseen under the envisaged common rules would only concern those companies that are interested in carrying out cross-border cash transport and thus choose to apply for a CIT cross-border licence.

The administrative costs for these CIT-companies will be limited. They will need to:

– Inform the granting authority sufficiently in advance about the names of the Member States in which they intend to carry out CIT-transport.

– Provide the host Member State in advance with the names of the persons that may carry out such transport on its territory.

– Depending on national legislation, cash-transport operations may need to be notified to the police in advance.

The administrative costs of public authorities will in most cases be relatively limited. However, those countries that currently do not issue any specific CIT-licence, will need to designate a national authority that verifies that the conditions for a cross-border licence are fulfilled, grants the licence and communicates with the granting authorities of other Member States. National public authorities will notably need to:

– Examine and grant applications for cross-border licences.

– Keep a register of the companies to which they have delivered a licence.

– Notify those Member States where these companies intend to carry out transport.

– Inform each other about their specific training requirements.

– Establish a central national contact point to which CIT-staff of other Member States my submit an application for a weapons licence and inform each other about the contact details of this contact point.

– Provide for validation of equivalent weapons training for CIT-staff of other Member States.

– Transmit to the Commission national rules on the role of the national police forces, on the security of cash/pick-up locations and on IBNS that have been homologated by them.

7. COMPARISON OF OPTIONS AND SUMMARY OF IMPACTS (SECOND-ROUND ASSESSMENT)

The present impact assessment has analysed the economic, environmental, security-related and social impact of the retained broad option 3: *Common rules for professional cross-border transport of euro cash by road*, together with four specific options in order to take into account security-related or other sensitive issues, in comparison with the baseline no-change option. In addition three general sub-options have been analysed.

The results are summed up in table 6 at the next page on the basis of the same criteria as in the first-round assessment (Section 5):

- **Effectiveness:** The extent to which options achieve the objectives of the proposal;
- **Efficiency:** The extent to which objectives can be achieved for a given level of resources/at least cost, notably administrative costs for all parties involved (cost-effectiveness);
- **Coherence:** The extent to which options are coherent with the overarching objectives of EU policy.
- **Proportionality:** Community action should not go beyond what is necessary to achieve the objectives set.

The table first compares the retained broad option 3 with the base-line option 1, without taking into account possible derogations and restrictions to the scope according to the specific options A-D, i.e. a 'full application' of common cross-border rules. The effect of each of the four specific options compared to a full application of the broad option 3 is then summarised. The broad option 3 including the effect of the four specific options is thereafter compared with the baseline and finally the effects of each of the sub-options are compared with the broad option 3.

Table 6. Comparison of the retained broad option with the baseline and effect of the related specific options and the general sub-options vis-à-vis the retained broad option. (0 no change/baseline, + positive, (+) some improvement, - negative)

Main options:	**Effectiveness** in reaching objectives	**Efficiency** in reaching objectives	**Coherence** with overarching EU objectives	**Proportionality**
1. No change	0	0	0	0
3. Common cross-border rules (full application)	++	++	++	++
A. Derogation for national weapons legislation	Reduction	Reduction	Reduction	Neutral
B. Transport type opt-out possibility	Reduction	Reduction	Reduction	Neutral
C. One-day and day-time transport	Neutral	Neutral	Neutral	Neutral
D. Majority of stops abroad	Reduction	Reduction	Reduction	Neutral
3. Common cross-border rules (with specific options A-D)	+(+)	+(+)	+(+)	++
Sub-options:				
a) Extension of the scope to MS outside the euro area	Some improvement	Some improvement	Improvement	Neutral
b) Extend the scope to other cash	Neutral	Some improvement	Improvement	Neutral
c) Restricting the scope to point-to-point transports	Reduction	Reduction	Reduction	Neutral

The analysis has shown that the introduction of common EU rules applicable to cross-border transports as outlined in the present impact assessment (Option 3) would be effective in reaching the stated objective of facilitating the free circulation of euro cash within the euro area by removing obstacles to the professional transport of euro cash by road between euro-area Member States, while ensuring that the transports take place under conditions that provide a high level of security for the CIT-staff and for the general public. The potential increase in cross-border transports will to some extent be reduced by necessary exceptions and derogations from and restrictions to the scope of such rules (specific options A-D).

The common rules would furthermore be an efficient way of reaching the objective, since they focus exclusively on cross-border transports and do not attempt to harmonise domestic CIT-transports. On the other hand, this implies that two sets of CIT-rules will co-exist in the (border regions of the) national territory of the concerned Member States.

Common cross-border rules would also well meet the criterion of proportionality. The EU rules would remove national regulatory obstacles to cross-border transport of euro cash, while the national regulation of purely domestic transports would remain in force.

The facilitation of cross-border cash transports is also likely to produce some environmental benefits, due to shorter transports overall, although these benefits are expected to be of a relatively limited magnitude.

On the basis of extensive consultations with stakeholders and Member States' administrations, the common rules together with the specific options foresee high standards in the relevant security-related fields, the preservation of national rules in sensitive areas such as weapons legislation and possibilities for Member States of opting out from specific transport types if they do not consider them compatible with the national environment. These common rules are therefore expected to provide a high level of security for cross-border transports.

A significant increase in cross-border cash transports may also produce negative effects on wage levels and/or employment in the CIT-sector in a given host country, if there are significant wage differences compared to neighbouring countries. In view of the specific nature of CIT transport services, notably the frequent and short-term nature of the potential work periods abroad, a clarification of the rules on the minimum protection of workers foreseen by Directive 96/71 on the posting of workers should therefore be foreseen. The analysis shows that such a rule could be an effective safety-net in order to mitigate potential negative social effects of an increase in cross-border cash transports.

As for the different sub-options, the extension of the scope of the common rules to EU Member States outside the euro area that are close to adopting the euro would to some degree contribute to the free circulation of euro cash within the euro area by allowing countries that are close to adopting the euro to adapt in advance to rules that will come into force upon joining the euro. It would above all facilitate the changeover to the euro and furthermore be coherent with overarching EU objectives such as realising the potential of the single market and creating a more competitive and connected economy. Extending the scope to other cash does not contribute to the stated objective of the initiative but fits into the overarching EU objectives and may increase efficiency by reducing costs. It might, however, also complicate the adoption process of common rules for relatively little added value. Restricting the scope to point-to-point transports would significantly reduce the benefit of the common rules and only partially allow meeting the stated objective of the initiative.

The present impact assessment therefore recommends Option 3 – A set of common rules that would be valid in all euro-area Member States but limited to cross-border transports ('common cross-border rules'), together with the specific derogations and restrictions to the scope foreseen under the specific options A-D. This policy option would fulfil the objective of facilitating the free circulation of euro cash within the euro area, and would do so in the most efficient way relative to the other broad policy options, while ensuring that the transports take place under conditions that provide a high level of security for the CIT-staff and for the general public. It is furthermore recommended that Option 3 is completed with sub-option a), i.e. the extension of the common rules to the territory of other EU Member States that are about to introduce the euro.

8. MONITORING AND EVALUATION

In order to monitor the implementation of common cross-border rules and possibly propose measures to improve the functioning of the system it seems appropriate to set up a Committee on the cross-border transport of euro cash, with representatives from the Commission, the Member States covered by the common rules and representatives of the European Central Bank which would help the Commission in assessing the effectiveness of the new rules. The Committee should also consult the relevant stakeholders, including the social partners, and take their views into account as appropriate.

A formal review should be foreseen two years after the entry into force of the common rules and the Commission should prepare a report on the functioning of the new framework. The review should also include consultations of the stakeholders in the sector, including the social partners. Based on the result of the review, the Commission could make a proposal to revise the Regulation. The review should thereafter be repeated every five years.

For this purpose, specific indicators should be identified which match with the operational objectives pursued by the Regulation. These indicators will serve to assess the performance of the new framework.

The following table gives an indication of possible indicators:

Specific objectives	Indicators
Facilitate the free circulation of the euro between euro-area Member States	Number of CIT cross-border licenses granted/withdrawn
	Number of cross-border cash transports
	Number of opt-outs by Member States from the standard transport types
Cross-border transports to take place under conditions that provide a high level of security for the CIT-staff and for the general public	Number of attacks on cross-border CIT transports and related injuries or deaths, in relation to the number of cross-border cash transports and compared to domestic transports
Social minimum protection to be observed in the host country for the staff in the CIT-sector in line with the existing principles in EU legislation	Evolution of salaries and other terms and conditions of employment in Member States where significant numbers of cross-border cash transports take place

As regards enforcement of the common rules, public authorities shall ensure that the cross-border rules are respected, including via random inspections. Detailed rules on penalties are also foreseen, ranging from warning, fine, to suspension and ultimately withdrawal of the cross-border licence. The extent of enforcement work will however depend on the extent of cross-border operations.

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IMPACT ASSESSMENT

accompanying document to the

Proposal for a Regulation (EU) of the European Parliament and of the Council No xx/yy on the professional cross-border transportation of euro cash by road between euro-area Member States

and the

Proposal for a Council Regulation (EU) No zz/yy concerning the extension of the scope of Regulation (EU) of the European Parliament and of the Council No xx/yy concerning the professional cross-border transportation of euro cash by road between euro-area Member States

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{SEC(2010) 877final}

ANNEX 1 – SUMMARY OF REPLIES TO THE WHITE PAPER

The Commission has received 19 replies to the White Paper, 14 of which are available on the Commission website[1]:

For the sake of clarity, the different categories of stakeholders have been distinguished in the summary below. Five groups of stakeholders have been identified: the cash-in-transit sector, the banking sector, IBNS manufacturers, trade unions and public authorities of Member States.

All stakeholders acknowledge that the cash-in transit market is currently organised along national lines, due to the differences of legislation. Generally speaking a distinction should be made between the supply side (i.e. the CIT Companies) who has expressed reservations on the necessity to open national markets and the demand side (i.e. banks) which is extremely supportive and calls for an ambitious approach. The CIT sector welcomes the initiative to the extent that it does not envisage a full-scale harmonisation for the transport of cash and is furthermore in favour of limiting the scope of common cross-border rules to point-to-point transports only. They deem the current situation, characterised by a fragmented market, as satisfactory as CIT-companies have organised themselves accordingly. The banking sector is fully supportive of the initiative, which should lead to shorter and more efficient transport routes, meaning less risk, less costs involved and more competition in the sector. The trade unions welcome the initiative as well as long as this does not lead to any 'social dumping' but rather sets into motion a movement towards a levelling up of wages and other working conditions. IBNS-manufacturers are supportive and would like the use of intelligent banknote neutralisation devices to benefit from the initiative. It is worth noting that the replies received from public authorities of Member States –all of them supportive- came from non-participating Member States, showing an interest from countries outside the euro area for the initiative.

- **The cash-in-transit sector**

The CIT industry acknowledges that there is practically no cross-border transports taking place today and that the market is organised along national lines. They believe that the Commission proposal to facilitate the cross-border transport of cash is appropriate and proportionate in the sense that no full-scale harmonisation is suitable.

The replies from the CIT sector put a lot of emphasis on the security issue: security of CIT staff and the general public is a key issue. CIT Companies favour a cross-border regime limited to point-to-point transport, without including 'retail' transports (i.e. multi-stop transports, directly servicing the clients). The CIT companies insist very much on the principle of return to the country of origin within the same day and on the

1 http://ec.europa.eu/economy_finance/articles/euro/article15105_en.htm

social aspects. Applicable social rules and working conditions should be very clear, as this is a very sensitive area.

The CIT sector welcomes the fact that several transport modalities are foreseen by the Commission and that use of IBNS would not be compulsory. Finally, they consider random checks by the home and host countries of primary importance in order to monitor compliance with the new rules.

- **The banking sector**

The banking sector very much supports the Commission initiative. Being able to cross the border will lead to shorter routes, which is more efficient and better for security.

According to the banks, the changeover to the euro is not really completed yet: 8 years after the introduction of the euro as a physical currency, it is still impossible in most instances for professional cash transports to cross a border. For banks, the Commission initiative is the logical complement to SEPA[2] for cash payments.

In the view of the banks, the argument that cross-border transports would only be a small fraction of the overall cash transports and that, consequently, there is no case for action, is a weak argument. As professional cash transport cross border is not possible today, the actual opportunities are difficult to quantify. The important security dimension should not be misused. It has been demonstrated that there is no relationship between the type of security measures for cash transportation implemented by a given Member State and the number of attacks registered in the same Member State. Hence any differential in cash transportation security measures between two Member States may not be used as an argument that services that would be rendered by an out-of-country transporter would increase security risks.

The banks favour an ambitious approach: the long term objective should be the creation of a true internal market for professional cash transports. They suggest a two-step approach. In the short term (5 years), the market would be limited to borders corridors, spanning e.g. 100 km on each side of a border in a first step. In the long term, there would be no limitation anymore (e.g. no obligation to be back to your home country in the same day). Some of them even call for no limitations from the start.

The banks would prefer a scheme based on mutual recognition, on the basis of a minimum harmonization of national rules. The new regime should cover point-to-point transports and retail transports as well. They acknowledge that the focus should be on the euro but would like a scope as wide as possible (other currencies as well as valuables could be included). They favour a broad geographical scope as well (not limited to the euro area).

As regards the transports modalities, according to the banks, the legislation should be technologically neutral but should acknowledge the constant progress facilitated by the application of notably IBNS technology. They consider that a staining requirement of 20 % of the surface of the banknote for IBNS is too high.

[2] Single Euro Payments Area.

Banks suggest an additional 'light' transport modality to be possible, involving only one security guard. They are favourable to a compulsory bullet proof vest for the staff when using armoured vehicles.

- **IBNS[3] manufacturers**

IBNS manufacturers support the initiative and believe that Intelligent Banknotes Neutralisation Systems could be very useful to facilitate the circulation of the euro. They are rather opposed to the possibility given to Member States to exclude the use of IBNS on their territory ('opt-out' clause). They recommend the use of a pictogram for marking the vehicles in order to indicate that the banknotes transported are protected by IBNS. They support a staining requirement of 20 % of the surface of the banknotes for IBNS. They underline the fact that the use of IBNS allows the use of non-armoured 'lighter' vehicles, which reduces fuel consumption and is better for the environment.

- **Trade Unions**

Trade Unions support the initiative while insisting on the fact that it should not lead to any 'social dumping' in the CIT sector and that the highest working conditions should apply. The initiative should set into motion a movement towards a levelling up of wages and other working conditions such as health and safety standards, training, working hours, compulsory rest periods, holidays, paid leave.

They also put a lot of emphasis on security and safety and underline the fact that the new rules should not be used to circumvent national provisions. They insist on the importance of training requirements for the CIT staff and very much favour the principle of a CIT cross-border licence for the company. They welcome the principle of intraday and daytime transport. They also insist on the necessity of random checks and penalties to ensure compliance with the regulation.

As regards the transport modalities, they are opposed to non-armoured ('soft skin') vehicles. The principle should be that the parts of the vehicle where the crew is, should be armoured. They are also in favour of clearly marked vehicles and bullet-proof vests for the staff in all circumstances. They are opposed to transports involving just one security guard: the crew should always be composed of at least 2 people. If IBNS is not used, the crew should be a minimum of three.

- **Public authorities of Member States**

All the replies received came from non euro-area Member States. They all support the initiative and are very keen on the possibility to opt in. Some of them are reluctant to put conditions on the duration of the transport and would not limit it to one day.

[3] Intelligent Banknotes Neutralisation Systems

ANNEX 2 – LIST OF PUBLISHED REPLIES TO THE WHITE PAPER

Public authorities

Danish Parliament

Hungarian Ministry of Finance

Swedish Parliament

Social partners

Belgian Trade unions – ABBV and ACLVB

UNI Europa and ETF Joint Trade Union

Professional associations

BDGW Bundesvereinigung Deutscher Geld- und Wertdienste e.V.

European Banking Federation (EBF)– aisbl

EURICPA European Intelligent Cash Protection Association

European Payments Council (EPC)

ESBG European Savings Banks Group

ESTA European Security Transport Association

FEBELFIN Belgian Financial Sector Federation

Fédération Bancaire Française

OCP Oberthur Cash Protection

* The replies are available at: http://ec.europa.eu/economy_finance/articles/euro/article15105_en.htm

ANNEX 3 – ESTIMATION OF THE POTENTIAL MARKET FOR PROFESSIONAL CROSS-BORDER TRANSPORT OF EURO CASH BY ROAD

(The below estimation has been carried out by the external consultant Ramböll management. The full study is available at: http://ec.europa.eu/economy_finance/articles/euro/2010-02-26-cross-border-cash_en.htm)

1.1 Introduction

The estimate of the potential cross-border market for professional money transport will be carried out on the basis of a traffic based approach, cf. section 1.2 below. This means that the cross-border market size will be determined on the basis of the assumption that in an open and free market, where current regulatory obstacles to cross-border transport have been lifted, the amount of professional money transport on roads - both national and cross-border - will be proportional to the amount of total transport.

According to this approach the size of the potential cross-border market is determined by the share of CIT transport out of total transport in each of the targeted countries.

In the long-term this implies that if a CIT transport on average makes up 1 out of every 10 000 vehicles on the road network of certain country the same CIT transport intensity is assumed for the outgoing transport on the cross-border roads of this country. The long-term estimate is considered the potential market size if there are no obstacles whatsoever for professional cross-border money transport. This is naturally a strong assumption that will require substantial market adaptation.

However, even though the long-term estimate is based on strong assumptions regarding market adaptation, it is also conservative in the sense that it is based on the current short-term traffic level and does not take into account that there are current obstacles to total traffic. An example of such obstacles may be linguistic and other barriers that prevent people in border regions from taking a job as easily across the border as in their own country leading to less cross-border commuting and traffic. Since total traffic volumes may increase in the future and more EU Member States are likely to adopt the euro in the coming years the long-term potential for cross-border transport of euro cash is likely to increase. In this sense the absolute long-term potential would therefore normally be higher than this traffic-based potential. To estimate possible future traffic increases or the impact of obstacles to cross-border traffic in general in order to calculate a long-term potential base for the estimation of CIT cross-border traffic is, however, out of the scope of this study.

In the short-term different factors will prevent the long term-estimate from materialising. Even if the current regulatory obstacles are lifted, the long-term assumption of an open and free market will be challenged by the current structure of the money transport market and will require reallocation of, or building of, new cash centres, changes of current contract management, regulation and cash cycles, etc. Thus, in the short-term at least the following factors will prevent the long-term market from materialising:

1. The location and operational radius of cash centres and central bank branches.

2. The cross-border settlement and density of commercial bank branches and large retailers.
3. Any other criteria raised by either the demand (commercial banks and retailers) or supply side (CIT companies) when relevant. These include differences in price levels and crime patterns.

The short-term estimate therefore consists of the long-term estimate as corrected to take into account the limiting impacts of the above factors.

Following this introduction, the traffic approach is described in section 1.2 outlining the basic logic, data requirements and results of the approach. In section 1.3 the data for the traffic approach is described and presented. In section 1.4 data on bank branches, retailers, operational radiuses of cash centres are identified in order to prepare for an estimate of the short-term potential market. Section 1.5 provides an overview of the examined border regions. The targeted border regions consist of 19 different areas between both the primarily and secondary targeted countries. Finally, in section 1.6, a summary of the results of the potential market is presented.

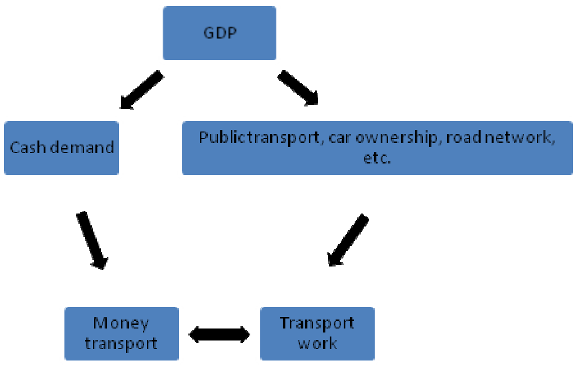
1.2 A traffic approach to estimate the market size

Due to the security and competition concerns of CIT companies the originally outlined approaches for the estimation of potential cross-border market size are not feasible and alternative analytical approaches are necessary. A traffic based approach for estimating the size of the potential market for professional cross-border transport of euro-cash by road was then proposed as the best possible methodological answer to this challenge.

1.2.1 Purpose and working assumption

The purpose is to estimate the size of the potential market for professional cross-border transport on the basis of traffic data. The underlying assumption is that in an open and free market, where current obstacles to cross-border transport have been lifted, the amount of money transport on roads - both national and cross-border - will be proportional to the amount of total transport work, where transport work is defined as the number of vehicles multiplied by the average vehicle kilometres.

The approach is based on the relationship between total transport work and money transport. That there should be a relationship between these two factors is intuitive and logical. GDP is a strong determinant for both factors so when one goes up or down the other should follow.



However, due to the abovementioned concerns of the CIT companies and the resulting lack of detailed information on CIT transport work, it is not possible to empirically validate a direct relationship between transport work and money transport.

Instead their mutual dependence on GDP can be used to support the approach.

In regard to *GDP=>[public transport, car ownership, road network, etc.]=>Transport work*, this relationship has been investigated and documented in many studies. For example in an EC study from 2002, where the relationship between different levels of GDP per capita and car ownership was estimated by means of an econometric model based on data for EU 15. Transport work was subsequently estimated on the basis of the estimated car demand elasticities and information on vehicle kilometre for ownership of the first and second car[1].

In regard to *GDP=>Cash demand=>Money transport*, the first part of the chain given by the relationship between GDP and cash demand can be illustrated by looking at the country-specific correlation between GDP and cash withdrawal from ATMs in the period 2000-2007, c.f. Table 1 below.

TABLE 1 CORRELATION BETWEEN CASH WITHDRAWAL AND GDP, 2000-2007

Austria	Belgium	Germany	Spain	France	Italy	Luxembour g	Netherlands	Portugal
0.97	0.96	0.61	0.99	0.99	0.52	0.86	0.87	0.99

Source: Eurostat and own calculation

Due to different levels of alternative cash sources and means of payments such as over the counter at a bank and the use of electronic means of payments, the correlation between GDP and cash withdrawals from ATM's varies between the countries. Since the lowest correlation is around 0.50 and since cash received over the counter at a bank in some countries like e.g. Germany is widespread and will add to the total cash demanded, the relationship between GDP and cash demand must be considered substantial and thereby supporting the underlying assumption of the traffic approach.

According to 2006 World Payment Report the value of ATM cash withdrawals relative to GDP across 17 European countries is close to an average of 9.5 percent and has changed little from the average of 9.9 percent in 2000.[2].

1.2.2 The traffic approach step 1-2

The traffic approach is simple and basically consists of two steps in order to estimate the potential market for cross-border money transport when it is measured in terms of the number of border-crossings of CIT vehicles and thereby the number of cross-border CIT transports.

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[1] Strategic Plan for Road Infrastructure Maintenance and Development, Montenegro, Project EAR/02/MTG01/03/001,2002.

[2] World Payment Report, Capgemini, ABN AMRO and the European Financial Management & Marketing Association (EFMA)

In the approach the following abbreviations are used:

CIT(KM_country)	=	Total annual km of CIT transport/country
AADT(country)	=	Annual Average Daily Traffic/vehicle type/country (number of vehicles)
VEHICLE(KM_country)	=	Kilometres/vehicle type/country
AADT (road)	=	Annual Average Daily Traffic/road
VEHICLE KM (road)	=	Kilometres/road

Step 1: Ratio of CIT transport work / total transport work (pr country):

$$\pi = [CIT(KM\_country)]/[AADT\ (country) \cdot VEHICLE(KM\_country)]$$

In Step 1 the frequency of CIT vehicles on the roads compared to total transport work is assessed. In order to correct for national differences in the cash cycle and transport patterns, the CIT frequency is assessed for each of the targeted countries.

Step 2: Cross-border CIT transports (pr cross-border road):

$$Cross\ border\ CIT\ trips\ (number) = \pi \cdot [AADT\ (road)]$$

$$Cross\ border\ CIT\ transports\ (number) = Cross\ border\ CIT\ trips\ (number)/2$$

In Step 2, the CIT frequency is multiplied with the annual average daily traffic (AADT) on each of the cross-border roads in the targeted countries in order to estimate the number of potential cross-border CIT transports. These estimates pr road can straightforward be summed to estimates pr border regions and pr country, and also into an estimate for the entire euro area as well as some secondary countries.

As mentioned in the introduction, these numbers of potential cross-border money transports are the long-term estimates under the assumption that there are no obstacles whatsoever for professional cross-border money transport. In order to carry out short-term estimates a correction of the long-term estimates for a number of limiting factors that will prevent the long-term market from materialising is necessary.

1.2.3 The traffic approach step 3

In addition to step 1-2, the traffic approach also includes a third step, where an estimation of euro transported in the potential cross-border market is carried out.

Thus, in addition to an estimation of the frequency of cross-border money transports, the terms of reference also require an estimate of values and volumes of the transported cash. Also in connection with the description of the main characteristics of the current market the terms of reference requires information on “the typical values and volumes transported by a CIT-vehicle as well as the aggregate values and volumes by country and at euro-area level”.

In regard to volumes, CIT companies concurrently stated that volumes is not used in their business model and therefore not considered relevant a parameter. Weight is sometimes taken into consideration, but only in order not to go beyond the capacity of vehicles. Consequently the CIT companies hardly collect information on volumes carried.

In regard to values, the mentioned security concerns have made it impossible to obtain any information of this kind from the CIT companies. Consequently, the possibility of assessing the total value of cash transported using aggregated information at national level on the cash issued, processed, recycled and returned to the national central bank in each country has been investigated.

This requires a thorough analysis of the cash cycle in each country in order to estimate the number of times one euro is transported in order to accomplish a cycle, i.e. the length of the cash cycle, including e.g. the possibility of direct transport from the central bank to customers or from customers to the central bank. This assessment has been carried out but, due to detained, lacking or imprecise information, the result is not satisfying and suitable for use.

It is the general impression from conducting the study that it is not possible to obtain sufficient information in order to properly take into account the impact of all logistic structures in the cash cycle such as: many clients are being serviced during a single transport, the service frequency of one client can vary depending on the clients' capacity or willingness to store cash, cash delivery and collection is always executed simultaneously whenever a CIT vehicle stops, etc.

In summary, it is not possible to assess the number of km one euro travels before delivery, which in turn means that it is not possible to estimate the value of cash a CIT vehicle carries whenever it is on the road.

Alternatively, in order to be able to give some kind of euro estimate regarding the size of the current national markets and the potential market for professional cross-border transport of euro-cash, it is proposed to use an estimate of the cash ordered to CIT companies as the unit of measurement. This is a simple unit, which enables a useable and comparable estimate of the CIT markets size. It actually encompasses the whole CIT market, regardless the complexity and length of the cash cycle and transportation.

Thus, using cash ordered instead of cash transported simplifies the assessment through enabling the exclusion of many country specific structural characteristics of the national CIT markets. These characteristics imply that the number of CIT kilometres travelled in order for one euro to be delivered to a customer in a specific country varies substantially and depends on that country's specific cash cycle. E.g.:

- Usually, transport services constitute a small part of a contract with CIT companies. Together with transport services, CIT contracts include other CIT services such as: processing, framework-checking, lodgement, ATMs maintenance etc. The provision of other CIT services depends on the organisation of the cash cycles and national markets. The degree to which Central Banks have delegated cash recycling and to which credit institutions have outsourced their cash processing activities varies across the euro area. CIT services are the same in all countries. The difference lies in the division of work between the central banks, the credit institutions and the CIT companies. Therefore, in one country, one euro ordered to CIT companies "generates" a proportional “volume” of other CIT services that has an impact on the euro transported and the kilometres travelled.

- Transport services to final customers include both cash delivery and collection. The two operations are normally executed simultaneously when a CIT vehicle stops: while the volume of cash delivered and collected might differ, the service is combined. In addition to this, the ratio of EUR delivered/EUR collected depends on the cash cycle and is deemed to be stable. Therefore, in one country, one euro ordered to CIT companies “generates” a proportional number of cash delivery and collection.

Using cash ordered renders these considerations unnecessary and simplifies the analysis. At the same time multiplying total cash ordered by the total number of kilometres of CIT transport provides a good indication of the efficiency of the cash transport services in a specific country measured in terms of the number of kilometres a euro need to travel in order to meet cash demand given the country's topography, population density, etc.

The value of euro cash ordered to CIT companies in a specific country can be estimated as follows:

$$CIT(EURO\ ORDERED\_country) = cash\ issued\ by\ NCB + cash\ recycled\ by\ CIT\ companies$$

- *Cash issued by NCB*:

  This is the cash physically issued by a national central bank (NCB) to satisfy the demand. The cash is collected by CIT vehicles at the NCB location (or at CIT cash centres/bank cash centres if the 'notes held to order scheme' applies) and then delivered to the customers.

- *Cash recycled by CIT companies:*

  This is the cash reissued directly to their customers by CIT companies. In countries where commercial parties recycle cash, the cash collected by CIT companies from their customers is processed and framework-checked in CIT cash centres. The money that fits to the standard requirements is then delivered to customers by CIT vehicles. Only unfit money and surplus is sent back to the NCB through point-to-point transport operations. The amount of cash recycled by credit institutions in front office is not taken into account in assessing the demand for professional CIT transport. Indeed, it usually concerns cash that is collected by the credit institutions at the cashiers’ desk or ATMs (deposit by small retailers or individual clients), and that is processed and recycled in front office at the commercial branch or ATM levels. In this case, CIT companies are not involved.

Depending on data availability, the use of cash ordered requires a minimum of calculations, which fully relies on the data provided by the National Central Banks. The result should be treated as an estimate.

Step 3: Total euro demand serviced by cross-border CIT transports:

$$Cross\ border\ CIT\ transports\ (euro\ ordered) =$$

$$\left[CIT\,(EURO\ ORDERED\_year\_country\ A)\right] \cdot \left[\frac{\left(Cross\ border\ transports\ (number\_year)/2 \cdot (length\ of\ CIT\ transports\,(km\_day\_country\ A))\right)}{CIT\,(km\_year\_country\ A)}\right]$$

$$+ \left[CIT\,(EURO\ ORDERED\_year\_country\ B)\right] \cdot \left[\frac{\left(Cross\ border\ transports\ (number\_year)/2 \cdot (length\ of\ CIT\ transports\,(km\_day\_country\ B))\right)}{CIT\,(km\_year\_country\ B)}\right]$$

Where:

$$Length\ of\ CIT\ transports\ (km\_day\_country) = \frac{CIT\,(km\_year\_country)}{Total\ CIT\ vehicles\,(number\_country)} / working\ days\ per\ year$$

In Step 3, the diversion of the euro ordered to CIT companies in country A to CIT companies in country B from customers in country A and vice versa is estimated. Since Trans-tool does not allow an origin-destination distinction of traffic on the road network it is not possible for a certain border-road to determine how much of the total traffic, that comes from country A and country B, respectively. It is therefore assumed that country A and B equally split the estimated cross-border money transport from step 2. An equal split is a working assumption assessed on the basis of the fact that there are no clear cases where the potential cross-border transport only goes one way, i.e. only from country A to country B. Usually the potential cross-border transports goes both ways.

1.3 Data for the traffic approach

Step 1-2 of the traffic approach requires the following data measured for each of the targeted countries:

- Total transport work
- Road-specific information on traffic and transport work.
- CIT transport work

Step 3 of the traffic approach requires the following data measured for each of the targeted countries:

- Estimated number of cross-border money transports (step 2 of the traffic approach)
- Total euro ordered pr country
- Total number of CIT vehicles and estimation of the length of CIT transports

Each of these data are described and presented below.

Total transport work

Total transport work is calculated by multiplying the total number of motor vehicles by the average distances they travel throughout the year. Motor vehicles include passenger cars, buses, lorries, and vans, but not motorcycles or mopeds. This information has been provided by the World Resources Institute as well as National Road Directorates, cf. Table 2 below[3].

TABLE 2 TOTAL TRANSPORT WORK (MILLION VEHICLE KILOMETRES)

Country	2008[1]	2007[1]	2006	2005	2004	2003
The Netherlands	145 109	132 292	120 608	118 445	117 995	114 555
Belgium	123 207	111 142	100 258	97 405	93 500	92 030
Luxembourg	5 583	5 000	4 477	4 337	4 201	4 069
France	568 584	557 994	547 600	547 500	552 500	548 900
Germany	693 810	671 893	650 667	639 000	652 100	639 100
Austria	83 380	77 250	71 570	70 296	70 171	69 167
Slovakia	14 831	13 521	12 327	12 106	12 060	11 708
Italy	94 707	86 342	78 716	77 304	77 010	74 766
Slovenia	15 966	13 522	11 452	11 047	10 864	10 307
Spain	296 105	269 951	246 108	241 694	240 776	233 757
Portugal	69 838	63 670	58 046	57 005	56 789	55 133

Note: [1] Extrapolated values based on the period 2006-2001

Source: World Resources Institute and National Road Directorates.

Road-specific traffic and transport work

Road-specific information on traffic and transport work has been provided by the EC in terms of a comprehensive data set from the EC digital map Trans-Tool covering all of Europe. Trans-Tool is administered by the EC research institute in Sevilla and is developed by the Department of Transport at the Technical University of Denmark and Rapidis a transport consultancy. The map contains the overall road network and is rather rough digitalised. In return it contains quite a number of traffic counts and also model estimations implying counts or modelled traffic for all edges (roads). The traffic is measured in terms of cars and trucks and handles different time periods like rush hour, holidays, etc. On the basis of the Trans-Tool data it is relatively straight forward to convert traffic to vehicle km (transport work), which is needed for the approach.

[3] Some data may not consist of all the motor vehicle classifications.

CIT transport work (and the CIT frequency - π)

CIT transport work is the total number of kilometres that CIT vehicles travel pr year in each of the targeted countries. This information has been provided by large CIT companies and coordinated and processed by ESTA, cf. Table 3 below.

TABLE 3 CIT TRANSPORT WORK AND MARKET SHARE OF REPORTING CIT COMPANIES, 2008

Country	Transport work (million km)	Reporting CIT companies	Market share (%)
Netherlands	14.2	Brinks, G4S	90%
Belgium	8.3	Brinks, G4S	100%
Luxembourg	1.6	Brinks, G4S	95%
France	53.0	Loomis, Brinks	85%
Germany	133.3	BDGW (CIT assoc.)	90%
Austria	7.5	Loomis	80%
Slovakia	6.7	Loomis, G4S	80%
Italy	45.0	Assovalori (CIT assoc.)	80%
Slovenia	0.4	Loomis	-
Spain	32.0	Loomis, Prosegur	90%
Portugal	10.0	Loomis, Prosegur	40%

Source: ESTA and CIT companies.

Apart from Belgium, the reporting CIT companies do not have full market dominance, i.e. their market share is not 100 percent but varies from 40-95 percent. Consequently, in order to assess the total CIT transport work, it is assumed that the transport work of the reporting companies is representative for the transport work of the CIT companies that have the remaining market shares. Since the CIT markets are heavily regulated and the services of CIT companies therefore harmonised and since the remaining markets shares are small, this correction is assessed to introduce only a small imprecision in the overall assessment, c.f. Table 4 below.

TABLE 4 CIT TRANSPORT WORK AND THE CIT FREQUENCY, 2008

Country	CIT transport work (million km)	Total transport work[1] (million km)	CIT ratio (% CIT km)	Market share of reporting CIT companies	CIT transport work (corrected for market share) (% CIT km)	CIT ratio (corrected for market share) (EURO)
	(I)	(II)	(I)/(II) =(III)	(IV)	(1-(IV))+1) *(I) =(V)	(V)/(II) =(VI)
Netherlands	14.2	145 109	0.010%	90%	15.6	0.011%
Belgium	8.3	123 207	0.007%	100%	8.3	0.007%
Luxembourg	1.6	5 583	0.029%	95%	1.7	0.030%
France	53.0	568 584	0.009%	85%	61.0	0.011%
Germany	133.3	693 810	0.019%	90%	146.6	0.021%
Austria	7.5	83 380	0.009%	80%	9.0	0.011%
Slovakia	6.7	14 831	0.045%	80%	8.0	0.054%
Italy	45.0	94 707	0.048%	80%	54.0	0.057%
Slovenia	0.4	15 966	0.002%	-	-	-
Spain	32.0	296 105	0.011%	90%	35.2	0.012%
Portugal	10.0	69 838	0.014%	40%	16.0	0.023%

Note: [1] Extrapolated values based on the period 2006-2001

Source: ESTA, National Central Banks and World Resource Institute.

The above national CIT frequency is the basis for estimating the expected frequency of CIT transports on cross-border roads. Thus, the frequency of CIT transports on cross-border roads is calculated by multiplying the national CIT frequency by the average annual daily traffic (AADT) on the cross-border roads.

Total number of CIT vehicles and estimation of the length of CIT transports

Due to safety and security considerations, it has not been possible to collect any information from the CIT companies regarding the characteristics of the CIT transports hereunder the length of the typical CIT transport[4]. It has therefore been necessary to use alternative ways of assessing this information.

In addition to the total transport work of CIT vehicles, ESTA has provided information on the total number of CIT vehicles in 2007. On the basis of this information it follows that a straightforward estimation of the total annual transport length pr CIT vehicle can

[4] Some indications were collected from EPC members

be carried out by dividing the transport work with the total number of vehicles, cf. column IV in Table 5 below.

TABLE 5 CIT TRANSPORT WORK AND ESTIMATE OF EURO ORDERED, 2008

Country	Euro ordered (million EUR)	CIT transport work (million km)	CIT vehicles (number)	CIT transport length (km/vehicle/ year)	CIT transport length (km/day)
	(I)	(II)	(III)	IV=(II)/(III)	V=IV/265
The Netherlands	65 022	15.6	325	48 062	181
Belgium	45 234	8.3	352	23 580	89
Luxembourg	-	1.7	55	30 545	115
France	178 366	61.0	2 096	29 079	110
Germany	515 900	146.6	2 778	52 783	176
Austria	67 648	9.0	200	45 000	170
Slovakia	8 313	8.0	-	-	
Italy	174 238	54.0	1 500	36 000	136
Slovenia	4 035	-	-	-	
Spain	114 058	35.2	1 150	30 609	116
Portugal	23 630	16.0	450	35 556	134
Total	**1.196.444**	**355**	**8.906**	**-**	**-**
Average	**-**	**-**	**-**	**36.801**	**136**

Source: ECB, NCBs, ESTA and Ramboll[5]

On average and roughly speaking, a CIT employee works 8 hours a day. Assuming four hours is used on deliveries/pick-ups (20 stops pr. transport and 12 minutes pr. stop[6]), that leaves four hours on the road. This approximately corresponds to 23-55 km/h (89-221 km/day/vehicle, cf. column V in Table 5 above). This is not unreasonable considering that most transports are carried out in high population density areas.

While the assessment of CIT annual transport length is purely based on information provided by ESTA, the corresponding assessment measured pr. day has an additional moment of uncertainty in terms of the number of assumed working days, i.e. the 265 working days[7]. Thus, it has not been possible to obtain information on the actual number of working days for CIT companies.

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[5] Rough general estimate from ESTA.

[6] Assessed by EPC and Ramboll on the basis of interviews.

[7] This is valid except for Germany, where the German Bundesbank has informed the consultant that CIT-vehicles generally operate around 300 days per year.

In order to avoid this additional moment of insecurity, step 3 of the traffic approach can be rewritten in order to use the total annual transport length of CIT vehicles as opposed to the daily transport length pr CIT vehicles. The above estimation of transport length pr. day is however still useful as a point of reference for the assumption of operational radiuses of cash centres in the next section.

Rewritten Step 3 of the traffic approach:

$$\textit{Cross border CIT transports (euro ordered)} =$$

$$\left[CIT\,(EURO\ ORDERED\_year\_country\ A) \cdot \left[\frac{(Cross\ border\ transports\ (number\_day)/2)}{Total\ CIT\ vehicles\,(number\_country\ A)} \right] \right]$$

$$+ \left[CIT\,(EURO\ ORDERED\_year\_country\ B) \cdot \left[\frac{(Cross\ border\ transports\ (number\_day)/2)}{Total\ CIT\ vehicles\,(number\_country\ B)} \right] \right]$$

1.4 Data for the short-term estimation of the potential market for cross-border transport

As described in the introduction to this chapter, the short-term estimation of the potential market for cross-border money transport equals the long-term estimation corrected - as far as possible - with the following factors:

1. The location and operational radius of cash centres and central bank branches
2. The cross-border location and density of commercial bank branches and large retailers
3. Any other criteria raised by either the demand (commercial banks and retailers) or supply side (CIT companies) when relevant. These include differences in price levels and crime patterns

The location and operational radius of cash centres and central bank branches

In terms of cash centres, the estimation of the short-term market focuses on areas where a cash centre on one side of the border is able to provide services to banks and retailers on the opposite side of the border. The assessment of whether and to what extent this is possible depends on the operational radius of the cash centre.

In section 1.3 the average length of a CIT transport was assessed to around 136 km pr. day. This assessed transport length is a useful first point of reference in order to estimate the approximate operational radius of a given cash centre in the targeted countries. On the basis of the perceptions of the demand side players (it was not possible to obtain any precise figures from the supply side) and given the uncertainty and variation across and within countries, not the least between urban and rural areas, the assessed 136 km. pr. day is turned into a working assumption that a CIT vehicle can potentially operate in an area that is approximately 100 km crow flies from its origin.

The aim of assessing the operational radius of the cash centres is to assess the importance of the location of these centres in term of the ability of diverting cash demand from the neighbouring country.

Cash centres can be owned either by CIT companies, commercial banks or national central banks. Some national central bank branches will also be excluded from the analysis due to the fact that in some countries, and according to the information provided by the central banks, direct delivery from the central bank to the final customers is not possible: money has to be counted and packaged first by the CIT companies in the cash centre.

Most national central bank branches can support point-to-point services to CIT cash centres in another country, but in the short term this is assumed less relevant compared to retail transport and is therefore only included in the long term assessment.

The cross-border location and density of commercial bank branches and large retailers

All things being equal, the higher the customer demand for cross-border money transport the higher the likelihood that the long-term market will also materialise in the short-term. As a part of the short-term estimation, it has therefore been investigated whether there are banks and large retailers that operate on both sides of the border area.

The underlying logic of this assessment is that there will be large-scale effects and more efficient contract management in border regions if CIT customers with business activities on both sides of a border can be serviced by a single CIT company instead of having separate CIT contracts on each side of the border. Thus, by looking at the individual border regions and locating commercial banks and retailer on each side of the border it is possible to assess whether or not a specific CIT company will be able to support and supply a specific bank or retailer in that region.

For this assessment large commercial bank and retailers with activities on both sides of the border have been identified and used as determinants for the short-term estimates.

Any other criteria raised by either the demand or supply side when relevant. These include differences in price levels and crime patterns

Both demand and supply side of the market has been interviewed for the study. On the demand side the interviews primarily focused on assessing the expected behaviour of credit institutions and retailers if obstacles to CIT cross border transport are lifted. On the supply side the interviews focused on any side information on the functioning of the CIT market that the ESTA or the CIT companies could provide.

The information collected is used when relevant to the estimate of the potential market size for cross-border transport. It is further supported by data on:

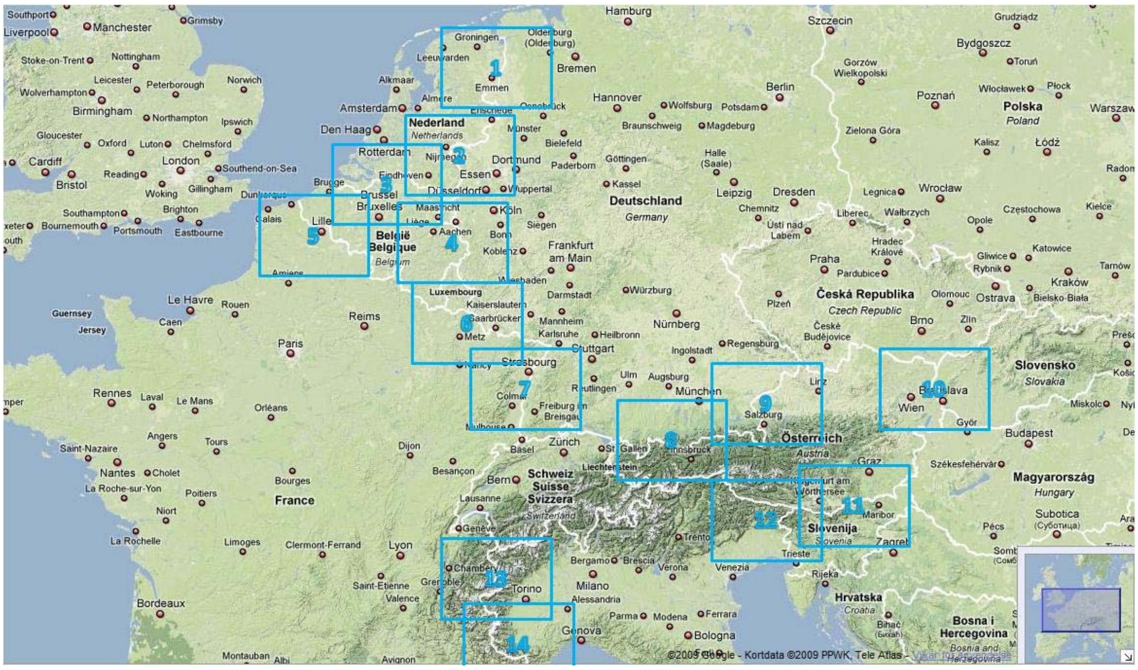
- Level of competition (number of operating CIT companies) and salaries as an indication for relative prices
- Crime data (confidential)

1.5 Analysis of potential markets for cross-border transport of euro cash

The long-term and short-term potential cross-border markets for professional money transport have been examined in all of the targeted border regions. The targeted border regions has been divided into 19 different areas between both the primarily and secondary targeted countries, cf.

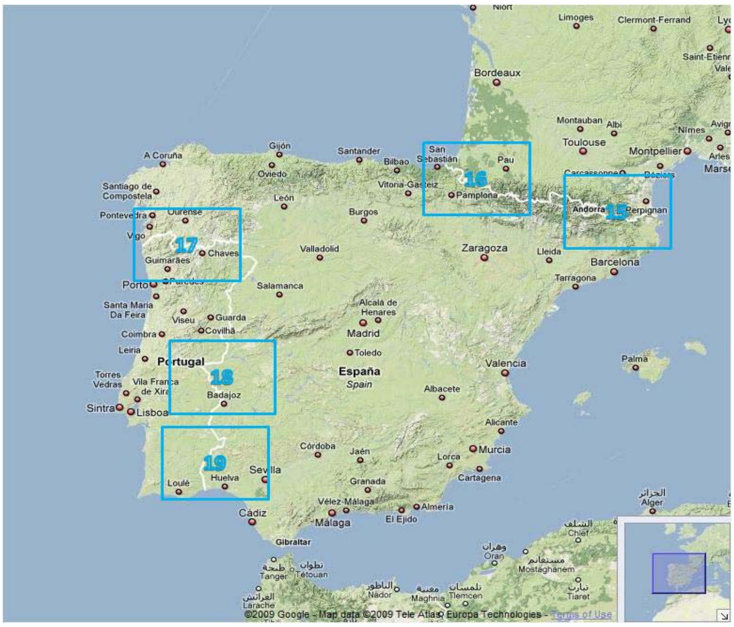
Map **1** and Map 2 below.

Map 1 Overview of the analysis of potential markets for cross-border transport of euro cash



Source: Google – Map data ©2009 Tele Atlas and National Central Banks

MAP 2 OVERVIEW OF THE ANALYSIS OF POTENTIAL MARKETS FOR CROSS-BORDER TRANSPORT OF EURO CASH



For each of these 19 areas a long-term and short-term estimate is presented. The long-term estimate is carried out on the basis of the traffic approach's step 1-2, cf. section 1.2.2, while the short-term equals the long-term estimate corrected for the locations and operational radiuses of cash centres and national central bank branches, the cross-border location and density of commercial bank branches and large retailers and other limiting factors such as differences in price levels and crime patterns, cf. section 1.4.

Source: Google – Map data ©2009 Tele Atlas and National Central Banks.

1.6 Summary of estimates of the potential market for professional money transport

On the basis of the estimates of the number of long-term and short-term CIT cross-border transports in the 19 border regions, the total results for all the considered countries are presented in this section. In addition estimates of the share of total euro ordered that will be diverted from domestic to cross-border CIT transport is presented as well as estimates of the total savings in travel distance.

1.6.1 Number of cross-border CIT transports

The estimates of the long-term and short-term potential market for professional cross-border money transport measured in terms of the number of cross-border CIT transport is presented in Table 6 at the next page.

TABLE 6 ESTIMATE OF THE NUMBER OF LONG-TERM AND SHORT-TERM CIT CROSS-BORDER TRANSPORTS

Border region		Long-term Transports	Banks	Retails	Cash Centres	Likelihood	Short-term Transports
		(pr day)					(pr day)
Map 1: Netherlands/Germany-A		9	D	B	B	54%	5
Map 2: Netherlands/Germany-B		12	C	A	A	76%	9
Map 3: Belgium/Netherlands		12	A	A	A	91%	11
Map 4: BE/DE/NL	DE - NL	6	A	A	A	91%	6
	BE - NL	4					3
	BE - DE	6					6
Map 5: Belgium/France		9	A	A	A	91%	8
Map 6: LU/FR/DE/BE	BE - FR	1	A	A	A	91%	1
	LU - DE	17					15
	LU - BE	9					8
	LU - FR	8					7
	DE - FR	16					15
Map 7: France/Germany		17	D	B	A	61%	10
Map 8: Austria/Germany-A		16	A	A	B	84%	13
Map 9: Austria/Germany-B		10	A	A	A	91%	9
Map 10: Austria/Slovakia		4	B	C	A	69%	2
Map 11: Austria/Slovenia		4	C	D	B	46%	2
Map 12: Austria/Slovenia/Italy	AT - SI	2	C	D	B	46%	1
	SI - IT	8					4
	IT - AT	2					1
Map 13: Italy/France-A		9	E	E	D	9%	1
Map 14: Italy/France-B		11	D	C	C	39%	4
Map 15: France/Spain-A		4	D	C	C	39%	1
Map 16: France/Spain-B		5	C	C	B	54%	3
Map 17: Spain/Portugal-A		10	B	B	A	76%	8
Map 18: Spain/Portugal-B		2	B	D	B	54%	1
Map 19: Spain/Portugal-C		1	C	D	C	39%	0
Total pr day		212					155
Total pr year (365 days)		77 380					56 575

Source: Trans-Tool, ESTA, National Central Banks and Ramboll.

A CIT cross-border transport is defined as CIT vehicle crossing the border on its outbound journey and again on its homebound journey. In the long-term, it is evident that the highest number of CIT cross-border transports is concentrated on the borders between Germany, Austria, The Netherlands, Belgium, Luxembourg and France, while the number of transports is relatively smaller on the borders of Austria, Italy, Slovenia, Slovakia, France, Spain and Portugal. In the first group of countries there is an estimated 152 CIT cross-border transports pr day out of a total of 212, which corresponds to around 70 percent of all the estimated cross-border transports. In the second group of countries there is an estimated 60 CIT cross-border transport pr day, which corresponds to the remaining 30 percent of all the estimated cross-border transports. On the basis of 365 days pr. year, the estimated annual number of CIT cross-border transports is 77 380[8].

The short-term estimate equals the long-term corrected for the locations and operational radiuses of cash centres and national central bank branches, the cross-border location and density of commercial bank branches and large retailers. On the basis of the mapping exercise the reducing impact in the short-term of these factors have been assessed and given grades. The grades will limit the likelihood that the long-term estimate of the number of cross-border CIT transports also will prevail in the short-term, cf. Table 7 below.

TABLE 7 GRADES FOR BANKS, RETAILERS AND CASH CENTRES

A	B	C	D	E
3,0%	10,5%	18,0%	25,5%	33,0%

The factors are graded from A to E where A is the highest potential and E the lowest. This means that if a map is graded with three A's the combined likelihood will become 91% (100% - 3x3%) etc. The value of the grades are assign to the variables so that a map with only E's (3xE) have a likelihood of cross-border transportation that equals 0% and if only A's the likelihood will be 91%.

The short-term assessments are calculated by multiplying the long-term assessments with the likelihood for CIT cross-border transport in each individual map. It is assumed that if there is a high potential for cross-border transportation (3xA's) the amount of CIT transports will not equal the long-term potential as there might be some other adjustments in the short run not accounted for.

In the short-term, the main part of the cross-border CIT-transport is still concentrated on the borders between Germany, Austria, The Netherlands, Belgium, Luxembourg and France. Actually, in the short-term these countries constitute 80 percent of the total estimated CIT cross-border transports as opposed to 70 percent in the long-term. This corresponds to 126 transports out of a total of 155. For the second group of countries that consists of Austria, Italy, Slovenia, Slovakia, France, Spain and Portugal the estimated number of cross-border CIT-transports is 29, which corresponds to 20 percent

[8] Step 1 of the traffic approach, where the CIT transport frequency is estimated, is based on annual traffic and transport data. When the estimated number of daily CIT cross-border transports are summed into annual number of transports it should therefore be done on the basis of 365 days in contrast to e.g. 220 days, which is the standard number of working days per years.

of the total estimated transports. On an annual basis, the 155 daily CIT cross-border transports correspond to 56 575 pr. year.

1.6.2 Share of euro ordered transported by cross-border CIT transports

The diversion of the euro ordered to CIT companies in country A to CIT companies in country B from customers in country A and vice versa is estimated in step 3 of the traffic approach, cf. section 1.2.3 and 1.3. On the basis of this approach the long-term and short-term estimates of the euro transported by cross-border money transports can be carried out, cf. Table 8 below.

TABLE 8 ESTIMATE OF THE EURO ORDERED TRANSPORTED BY CIT CROSS-BORDER TRANSPORTS - LONG-TERM AND SHORT-TERM (MILLION EURO/PERCENT OF TOTAL EURO ORDERED)

Country	NL	BE	LU	FR	DE	AT	SK	IT	SI	ES	PT	**Total**
Long-term	4 231	2 618	-	3 356	11 172	6 334	-	1 687	-	1 123	357	**30 879**
	6.51%	5.79%	-	1.88%	2.17%	9.36%	-	0.97%	-	0.98%	1.51%	**2.61%**
Short-term	3 169	2 380	-	2 129	8 830	4 743	-	548	-	683	249	**22 732**
	4.87%	5.26%	-	1.19%	1.71%	7.01%	-	0.31%	-	0.60%	1.06%	**1.92%**
Total	65 022	45 234	-	178 366	515 900	67 648	-	174 238		114 058	23 630	**1 184 096**

Source: ECB, NCBs, ESTA and Ramboll

It has not been possible to collect sufficient information in order to estimate the share of euro transported by cross-border CIT transports for Luxembourg, Slovakia and Slovenia[9]. Apart from these countries the total amount of euro ordered that will be transported by cross-border CIT transports is estimated to around 30.9 billion euro in the long-term. This corresponds to around 2.6 percent of total euro ordered in the targeted countries. The highest shares of euro ordered that will be diverted to cross-border transport are estimated to be in The Netherlands, Belgium and Austria, where cross-border shares of euro ordered are 5.9 - 9.4 percent, while the lowest shares are in Italy, Spain and Portugal. In the short-term, the long-term pattern across countries remains the same, but the total share of euro transported by cross-border CIT transport is reduced from 2.6 to 1.9 percent.

[9] For Luxembourg information on euro ordered is missing, for Slovenia information on CIT transport work is missing and for Slovakia information on CIT vehicles are missing.

EUROPEAN COMMISSION

Brussels, 14.7.2010
SEC(2010) 878
Volume IV/V

COMMISSION STAFF WORKING DOCUMENT

IMPACT ASSESSMENT

accompanying document to the

Proposal for a Regulation (EU) of the European Parliament and of the Council No xx/yy on the professional cross-border transportation of euro cash by road between euro-area Member States

and the

Proposal for a Council Regulation (EU) No zz/yy concerning the extension of the scope of Regulation (EU) of the European Parliament and of the Council No xx/yy concerning the professional cross-border transportation of euro cash by road between euro-area Member States

{COM(2010)377 final}
{SEC(2010) 877final}

ANNEX 4 – SUMMARY OF REPLIES TO QUESTIONNAIRE[1] ON NATIONAL WEAPONS LEGISLATION

WEAPONS DEPENDING ON THE TYPE OF CIT-TRANSPORT (CF. NON-PAPER OF 17.7.2009[2])

The carrying of weapons is mandatory (M), allowed (A) or prohibited (P)

Country	**Banknotes** Unarmoured vehicle with IBNS	**Banknotes** Cabin-armoured vehicle with IBNS	**Banknotes** Fully-armoured vehicle without IBNS	**Banknotes** Fully-armoured vehicle with IBNS	**Coins** Unarmoured vehicle	**Coins** Cabin-armoured vehicle	**Notes** If applicable: permitted type and calibre of weapons
Belgium	**A**	**A**	**A**	**A**	**A**	**A**	Pistol 9 mm.
Luxembourg	**A**	**A**	**M**	**N/A**	**A*)**	**M**	Handguns (revolvers and pistols) of calibre .357 MAG, .38 SPL, 9mm Para or similar. *) The question of transport of coins in an unarmoured vehicle is understood as a transport of less than 100.000 Euros. Above this amount, the vehicle must be armoured and carrying of weapons is in that case also mandatory.
The Netherlands	**P**	**P**	**P**	**P**	**P**	**P**	
Germany	**A**	**Not in use**	**A/M*)**	**n/a**	**A**	**Not in use**	In accordance with the German Firearms Act, all arms are permitted for which a firearms licence is required. Smith & Wesson .38 special handguns are normally used in Germany. Regulations stipulate, however, that no weapon-like "devices", such as weapons deploying blank shots, gas or irritants may be used. *) No specific legal requirements, but laid down in insurance agreements.

[1] Questionnaire of 17/07/2009.
[2] State of play of envisaged common rules as submitted to the Expert group on cross-border transport of cash by road on 17.7.2009.

Country	Banknotes Unarmoured vehicle with IBNS	Banknotes Cabin-armoured vehicle with IBNS	Banknotes Fully-armoured vehicle without IBNS	Banknotes Fully-armoured vehicle with IBNS	Coins Unarmoured vehicle	Coins Cabin-armoured vehicle	**Notes** If applicable: permitted type and calibre of weapons
France	**P**	**M**	**M**	**M**	**n/a**	Will exist if forecast law enters in force.	Arme de 1ère catégorie mentionnée au paragraphe 1 du A de l'article 2 du décret n°95-589 du 6 mai 1995 / arme de 4ème catégorie du paragraphe 1 du B de l'article 2 du décret
Italy	**M**	**M**	**M**	**M**	**M**	**M**, but not much in use	CIT security staff should use common firearms – short-barrelled. Only under exceptional circumstances, can long-barrelled firearms be used (art. 42 of TULPS); War firearms and war type firearms (common firearms with war ammunition) are forbidden.
Spain	Not used	Not used	**M** *)	Not used	**M** **)	**M** **)	*) Revolver Caliber 38 / Shotgun^ / Caliber 12 **) Revolver Caliber 38 / Shotgun^ / Caliber 12
Portugal	**A**	**---**	**A**	**A**	**A**	**---**	Small weapons (class B1: pistol or revolver) - authorised for pistols of calibre inferior to 7,65 mm - authorised for revolvers of calibre inferior to .38
Slovakia	**A**	**A**	**A**	**A**	**A**	**A**	Permitted type and calibre of weapons are not determined.
Austria	**A** not used by the industry	**Not in use**	**A, M** due to industry standard	**Not in use**	**A** partially used by some carriers	**Not in use**	Mainly Glock 9mm or S&W 38
Slovenia	**M**	**M**	**M**	**M**	**M**	**M**	
Cyprus			**P**		**P**		
Ireland			**P**		**P**		
Finland	**A**	**A**	**A**	**A**	**A**	**A**	**Handgun,** Pistol 9mm, Revolver 38 / 357

EL, MT did not answer.

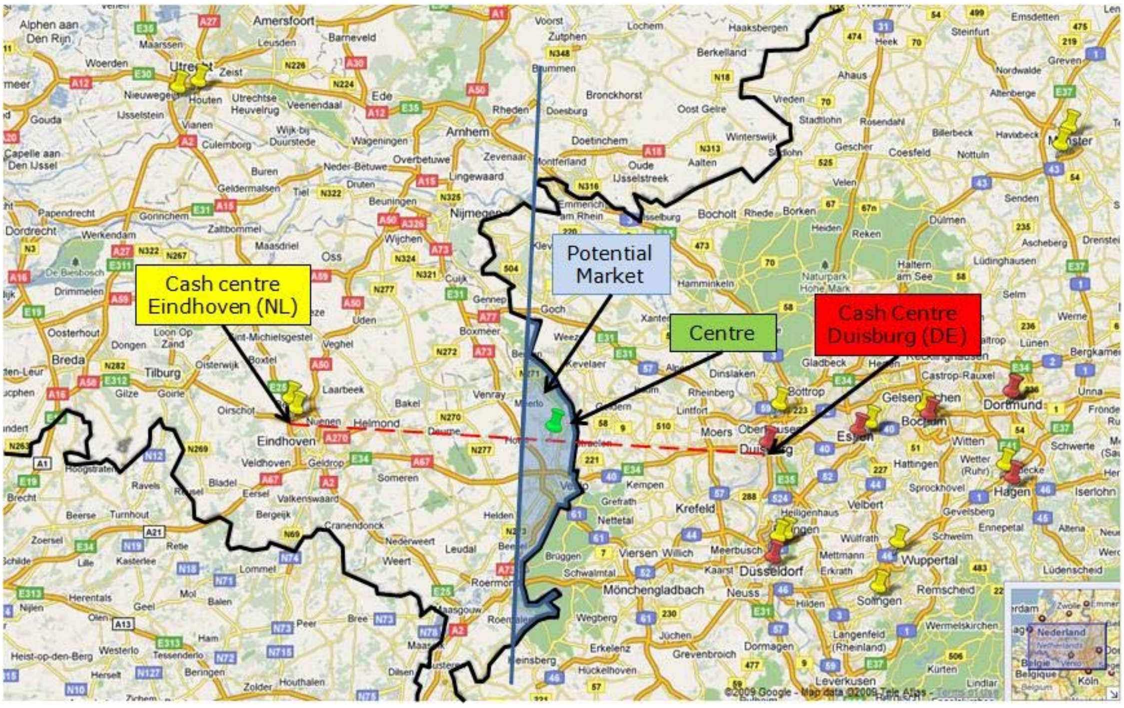
^ The shotgun is not a requirement in Spain but an option.

ANNEX 5 – ESTIMATION OF POTENTIAL SAVINGS IN TRAVEL DISTANCE RESULTING FROM CROSS-BORDER CIT TRANSPORTS

(The below estimation has been carried out by the external consultant Ramböll management. The full study is available at: http://ec.europa.eu/economy_finance/articles/euro/2010-02-26-cross-border-cash_en.htm)

An estimation of the potential savings in travel distance should ideally cover all possible destinations in an area where the facilitation of cross-border CIT transport will imply a reduction in driving distance when using a cash centre on the other side of the border compared to using the domestic the cash centre, cf. the blue area labelled "potential market" in the example below.

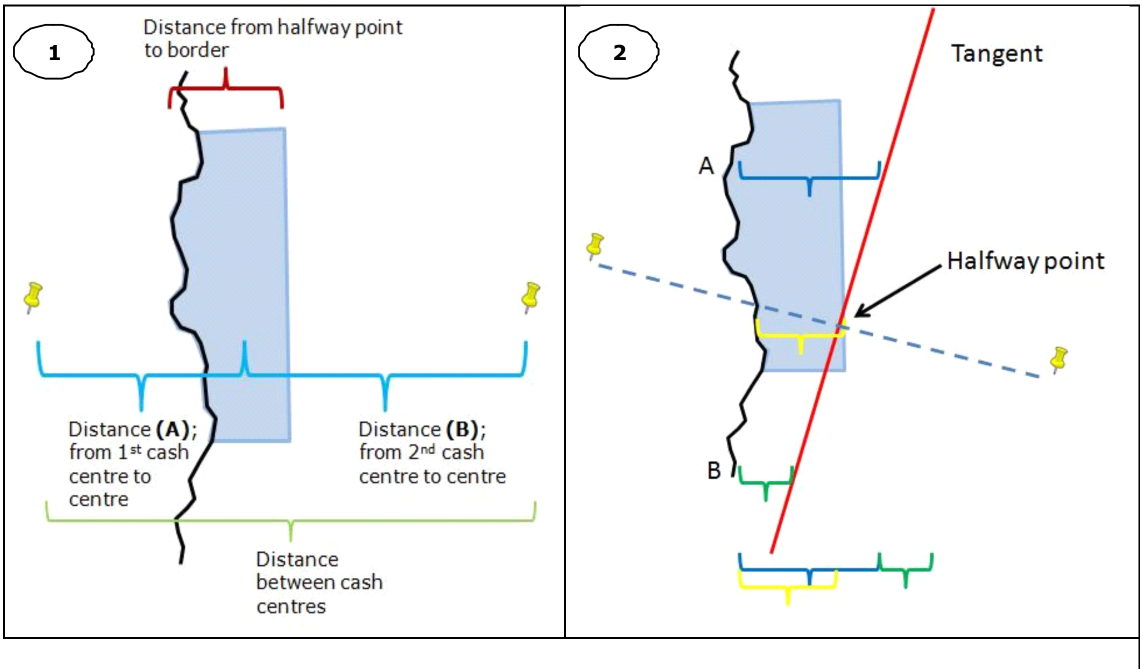
Example A:



In this illustration we have a cash centre in Eindhoven, the Netherlands and a cash centre in Duisburg, Germany (hidden behind the red pin indicating the NCB branch). The blue area indicates the potential market for cross-border transport measured in terms of the part of Holland, where Dutch CIT customers have a shorter distance to the cash centre located on the German side of the border (Cash centre Duisburg) than the cash centre located on the Dutch side of the border (Cash centre Eindhoven) and where the Dutch costumers are located within the action radius of the German cash centre. The blue straight line defining the blue area indicates the place where there is an equivalent distance to the two cash centres in question. The green pushpin in the blue area indicates the centre of the area that is assumed to be the average distance to the potential market.

Ideally, all potential customers located in the potential market zone should be taken into consideration and their individual savings in travel distance determined. This is however not possible within the scope of this study and a more general approach needs to be applied. Such a general approach should aim at assessing the most precise average of the savings in distance that will accrue from cross-border CIT transport within the potential market zone.

A possible way of assessing such an average is to look at the distances between two cash centres located on each side of the border. Between these two cash centres a halfway point can be defined and on the basis of this halfway point, the distance from the halfway point to the border, cf. red horizontal brase in figure 1 below.



The red horizontal brace frames the areas of interest where bank branches and retailers are closer to a cash centre on the opposite side of the border. The distance from the cash centre to the centre of the area of interest area is assumed to be the average distance to locations in the area, and the difference between the two cash centres and the centre are the distance saved:

Equation a: $$Possible\ savings = Distance(A) - Distance(B)$$

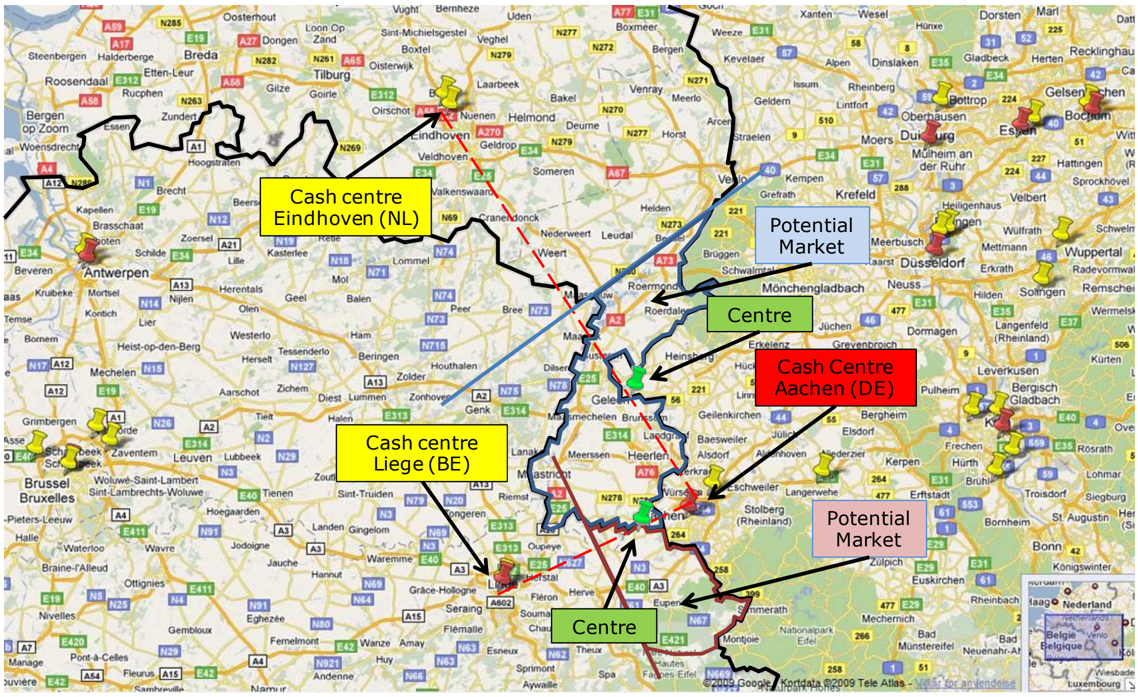
The reasoning of this approach is based on the tangent between the two bobbles cf. figure 2 above. The idea is that the tangent is the line where the two cash centres have an equivalent distance to travel and the average distance from the tangent to the border can therefore be calculated by:

Equation b: $$\frac{\int_A^B Tangent(AB)}{|AB|} = Average\ distance\ to\ border$$

This is the integral between point A and B divided by the distance between point A and B under the assumption that the distance between point A and B is calculated as a linear function. It is a condition that the halfway point between the two cash centres is the exact middle of the tangent. This condition can be met by considering point A and B, where the two points have an equivalent distance to the halfway point. The distance from the halfway point to the border is then equal to the average distance to the border calculated by equation b.

The practical application of this approach is further illustrated in Map 1 below.

MAP 1 EXAMPLE 1: DISTANCE SAVINGS IN MAP 4 - BELGIUM/GERMANY /THE NETHERLANDS



Cash centre (CIT and com. Banks) NCB branches

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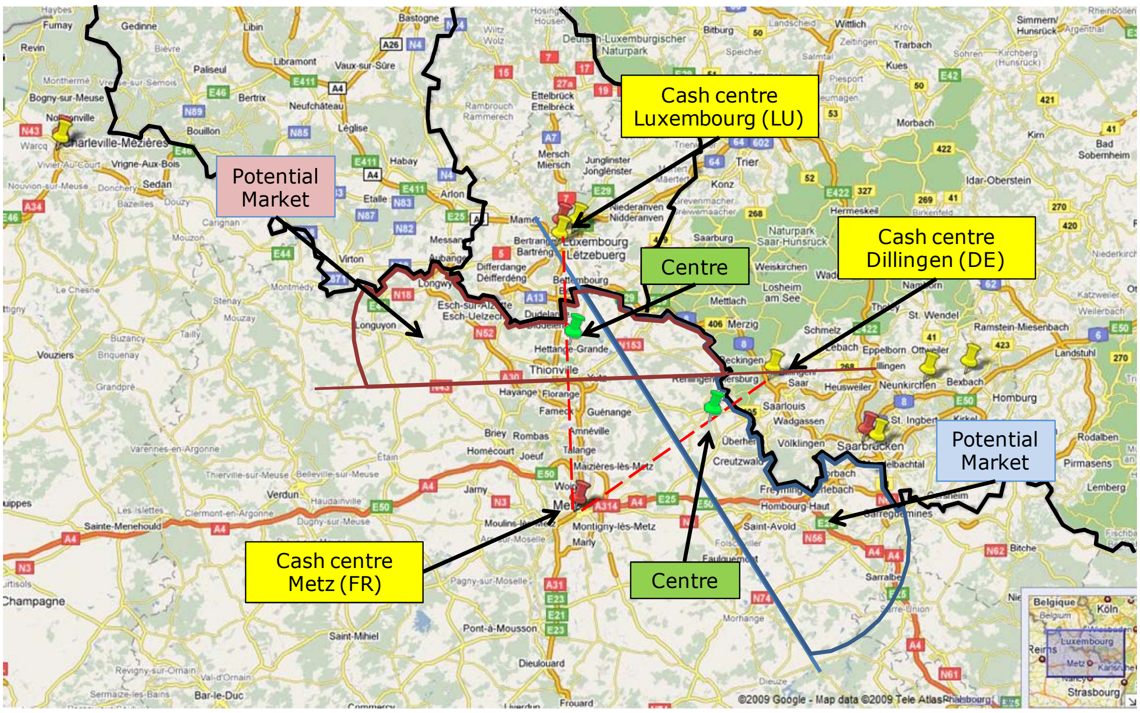
ANNEX 5 – ESTIMATION OF POTENTIAL SAVINGS IN TRAVEL DISTANCE RESULTING FROM CROSS-BORDER CIT TRANSPORTS – *CONTINUED FROM VOLUME IV*

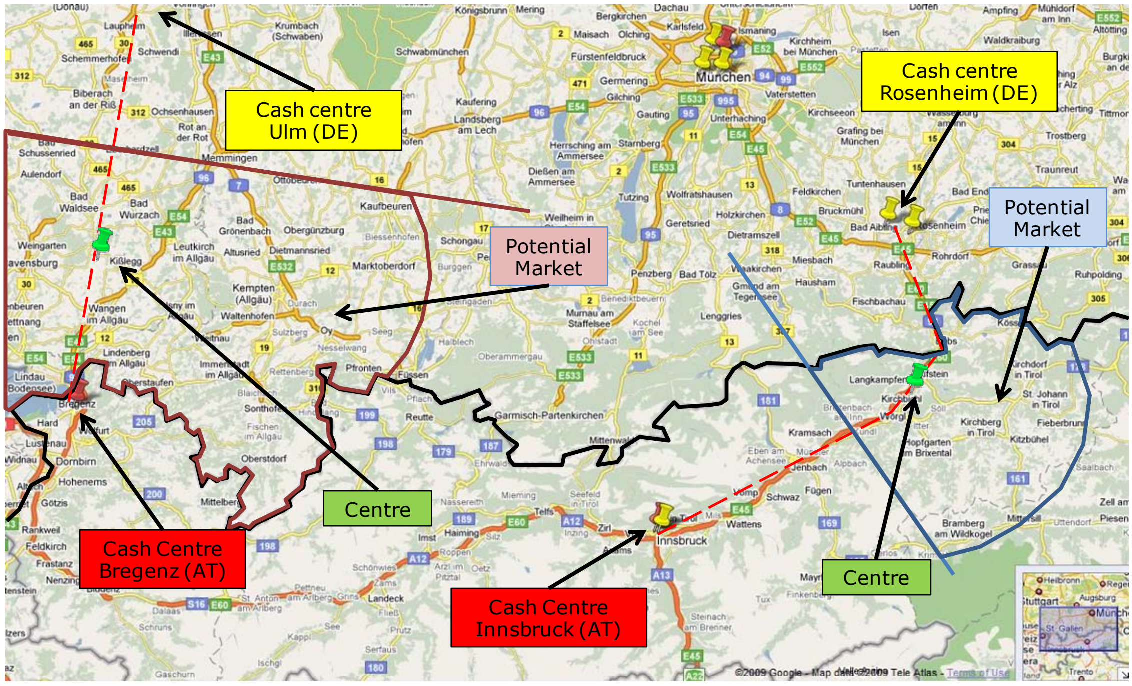
(The below estimation has been carried out by the external consultant Ramböll management. The full study is available at: http://ec.europa.eu/economy_finance/articles/euro/2010-02-26-cross-border-cash_en.htm)

MAP 2 EXAMPLE 2: DISTANCE SAVINGS IN MAP 6: BELGIUM/LUXEMBOURG/FRANCE



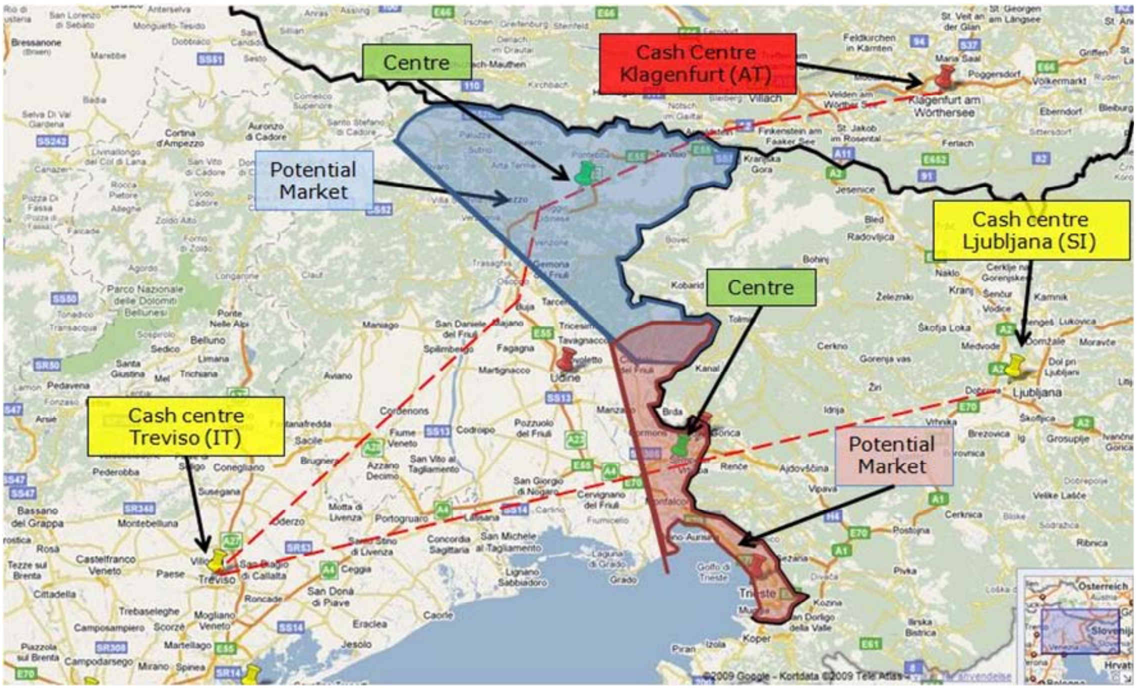
Cash centre (CIT and com. Banks) NCB branches

MAP 3 EXAMPLE 3: DISTANCE SAVINGS IN MAP 8 – AUSTRIA/GERMANY A



Cash centre (CIT and com. Banks) NCB branches

MAP 4 EXAMPLE 4: DISTANCE SAVINGS IN MAP 12 – AUSTRIA/SLOVENIA/ITALY



Cash centre (CIT and com. Banks) NCB branches

It should be emphasised that the estimated savings in distance travelled assuming that all current border obstacles are lifted will accrue regardless of whether commercial banks or retailers have business activities on both sides of the border. It should further be emphasised that the long-term estimation of the savings in travel distance is based on the current allocation of the existing cash centres and not on a possible future allocation of cash centres.

On the basis of the described approach and its preconditions, it is possible to estimate the savings in travel distance for each of the 19 examined border areas. It should be emphasized that this is a simplified and theoretical exercise, which nevertheless could provide a rough indication of the magnitude of these savings.

The estimated savings in travel distance vary significantly. Thus, while the average savings pr either outgoing or ingoing trip is 19 km, the standard deviation is 13.9 km.

The estimated savings pr trip can be aggregated into total savings pr. day and pr. year by multiplying with the estimated number of cross-border CIT transports cf. above. The results show that cross-border CIT transports can save around 2.8 million km pr year in the long-term and 2.0 million km pr year in the short-term or 0.8 and 0.6 percent, respectively, out of the total kilometres that CIT companies travel pr year, cf. Table 1 below[1].

---

[1] The calculations have been made on the basis of unrounded figures for transport/day. Consequently, they do not add up to the sums of total.

TABLE 1 **ESTIMATED TOTAL SAVING IN TRAVEL DISTANCE DUE TO CROSS-BORDER CIT TRANSPORTS**

Border Region	Long-term CIT transports pr day	Short-term CIT transports pr day	Average distance savings pr transport	Long-term		Short-term	
				Average distance savings	Average distance savings	Average distance savings	Average distance savings
	(transports/ day)	(transports/ day)	(km/ transport)	(km/day)	(km/year)	(km/day)	(km/year)
Map 1: NL/DE – A	9	5	53	452	162 575	242	86 978
Map 2: NL/DE – B	12	9	14	164	58 864	124	44 736
Map 3: BE/NL	12	11	24	288	103 680	275	99 066
Map 4: BE/DE/NL	17	15	51	836	300 879	761	273 800
Map 5: BE/FR	9	8	22	188	67 504	171	61 428
Map 6: LU/FR/DE/BE	51	46	28	1 419	510 821	1 291	464 847
Map 7: FR/DE	17	10	8	134	48 174	82	29 386
Map 8: AU/DE – A	16	13	69	1 072	385 905	895	322 231
Map 9: AU/DE-B	10	9	37	372	134 058	339	121 992
Map 10: AU/SI	4	2	60	210	75 600	144	51 786
Map 11: AU/SI	4	2	30	134	48 060	61	22 108
Map 12: AU/SI/IT	12	5	62	724	260 582	333	119 868
Map 13: IT/FR - A	9	1	23	196	70 678	17	6 008
Map 14: IT/FR - B	11	4	26	284	102 155	109	39 330
Map 15: FR/ES - A	4	1	108	408	146 704	157	56 481
Map 16: FR/ES - B	5	3	48	253	91 182	136	48 782
Map 17: ES/PT - A	10	8	34	355	127 792	270	97 122
Map 18: ES/PT - B	2	1	78	182	65 341	97	34 957
Map 19: ES/PT - C	1	0	4	3	1 199	1	462
Total	212	155	779	7 672	2 761 752	5 504	1 981 368
				0.78%	0.78%	0.56%	0.56%

The associated savings in fuel and CO_2 emissions can be roughly estimated by applying some key characteristics and assumptions regarding a typical CIT vehicle:

- Mercedes Sprinter 315 or 316 is a typical model used for CIT-transports in Europe.
- Fuel consumption for a fully loaded Mercedes Sprinter (3.5 tonnes) is around 1.2-1.3 litres of diesel/10 km.
- For a fully armoured Mercedes Sprinter fuel consumption increases with 20-25 percent.
- Fuel consumption therefore varies within a range of 1.2-1.6 litres depending on the level of armouring. A mid-range estimate could then be 1.4 litres of diesel/10 km.
- The CO_2 emissions of a fully armoured Mercedes Sprinter is 0,31 kg/km

On the basis of the above information and estimations it is possible to assess the total savings in fuel and CO_2 emissions that accrues from cross-border CIT transports, cf. Table 2 below. In the long-term the annual savings in fuel are 0.4 million litres of diesel, while the savings in CO_2 emissions are 800 tonnes and in the short-term the corresponding savings are 0.3 million litres of diesel and 600 tonnes CO_2.

TABLE 2 ESTIMATED TOTAL SAVING IN FUEL AND CO2 EMISSIONS FROM CROSS-BORDER CIT TRANSPORTS

Border region	Diesel consumption				CO2 emission			
	Long-term		Short-term		Long-term		Short-term	
	Savings pr day	Savings pr year	Savings pr day	Savings pr year	Savings pr day	Savings pr year	Savings pr day	Savings pr year
	(litre/day)	(litre/year)	(litre/day)	(litre/year)	(kg/day)	(kg/year)	(kg/day)	(kg/year)
Map 1: NL/DE - A	63	22 761	34	12 177	138	49 789	74	26 637
Map 2: NL/DE - B	23	8 241	17	6 263	50	18 027	38	13 700
Map 3: BE/NL	40	14 515	39	13 869	88	31 752	84	30 339
Map 4: BE/DE/NL	117	42 123	106	38 332	256	92 144	233	83 851
Map 5: BE/FR	26	9 451	24	8 600	57	20 673	52	18 812
Map 6: LU/FR/DE/BE	199	71 515	181	65 079	435	156 439	395	142 359
Map 7: FR/DE	19	6 744	11	4 114	41	14 753	25	8 999
Map 8: AU/DE - A	150	54 027	125	45 112	328	118 183	274	98 683
Map 9: AU/DE-B	52	18 768	47	17 079	114	41 055	104	37 360
Map 10: AU/SI	29	10 584	20	7 250	64	23 153	44	15 859
Map 11: AU/SI	19	6 728	9	3 095	41	14 718	19	6 770
Map 12: AU/SI/IY	101	36 482	47	16 782	222	79 803	102	36 710
Map 13: IT/FR - A	27	9 895	2	841	60	21 645	5	1 840
Map 14: IT/FR - B	40	14 302	15	5 506	87	31 285	33	12 045
Map 15: FR/ES - A	57	20 539	22	7 907	125	44 928	48	17 297
Map 16: FR/ES - B	35	12 766	19	6 830	78	27 925	41	14 940
Map 17: ES/PT - A	50	17 891	38	13 597	109	39 136	83	29 744
Map 18: ES/PT - B	25	9 148	14	4 894	56	20 011	30	10 706
Map 19: ES/PT - C	0	168	0	65	1	367	0	141
Total	1 074	386 645	771	277 391	2 349	845 787	1 686	606 794

ANNEX 6 – FINAL MINUTES OF MEETING WITH SOCIAL PARTNERS

EUROPEAN COMMISSION
DIRECTORATE GENERAL
ECONOMIC AND FINANCIAL AFFAIRS
Macrofinancial Stability
Economic aspects of regulatory policy

Brussels, 16 April 2010

ECFIN/E-3/Ares(2010) 197155

FINAL MINUTES OF THE MEETING WITH THE SOCIAL PARTNERS ON THE IMPACT ASSESSMENT OF A POSSIBLE DRAFT EU REGULATION ON PROFESSIONAL CROSS-BORDER TRANSPORTATION OF EURO CASH BY ROAD

Held on 19 March 2010, 14:15–18:30

Conference Center Albert Borschette, Room 4A, Rue Froissart 36, Brussels 1040

INTRODUCTION BY THE CHAIRMAN

The Chairman welcomed the participants and opened the meeting.

1) ADOPTION OF THE DRAFT AGENDA

The draft agenda was adopted without any changes.

2) STATE OF PLAY OF THE INITIATIVE

The Chairman recalled that consultations with stakeholders, including the social partners, had started before the summer in 2008 and the White Paper with some envisaged common rules in annex had subsequently been adopted by the Commission in May 2009. The envisaged common rules had thereafter been discussed in an expert group with representatives of Member States' administrations during the remainder of 2009. The discussions in the expert group had led to a high degree of consensus on a set of common rules for professional cross-border euro cash transport by road, which had been sent to meeting participants in advance of the present meeting (the two non-papers).

The next step was the examination by the Commission's impact assessment board of the draft impact assessment the following week. The draft impact assessment would subsequently be revised and finalised and followed by a formal Commission inter-service consultation before the Commission as a body could adopt a proposal for an EU Regulation. This was expected to take place towards the end of the second quarter 2010. The adopted Commission proposal would thereafter be discussed in the Council and the European Parliament under the co-decision procedure before the Commission proposal could be adopted and enter into force.

The purpose of the current meeting was to inform the social partners about the envisaged proposal in the non-paper and to give the social partners a possibility to comment on the draft impact assessment and in particular on the possible social impact of the proposal and the draft rule on remuneration of CIT-staff carrying out cross-border cash transport.

3) THE ENVISAGED COMMON RULES FOR PROFESSIONAL CROSS-BORDER TRANSPORT OF EURO CASH

The Commission-ECFIN representatives made a detailed presentation of the envisaged common rules included in the two non-papers submitted in advance of the meeting.

Ver.di considered it unfortunate that the non-papers and impact assessment had not been translated. The Chairman replied that these were draft documents that only existed in English. It was standard practice that the actual policy proposal would only be translated following the formal Commission inter-service consultation, that is to say just before the adoption of the proposal by the Commission as a body.

ESTA wondered whether a cross-border CIT-licence would be valid for one or for several host countries. The Commission representative replied that if a CIT-company had been granted a cross-border CIT licence, this would be valid in all countries covered by the Regulation. However, the CIT-company would be required to inform the granting authority sufficiently in advance about the name(s) of the Member State(s) where it intended to carry out CIT-transport. The home country authorities would subsequently inform the relevant host country(ies).

FeS-UGT asked what kind of training should be provided during the foreseen 200 hours of initial training, whether it would be general training or a specific CIT-training and argued that there should also be provisions on monitoring of the standard of the training.

The Commission representative explained that what was foreseen was a minimum requirement that CIT-staff must have successfully followed at least 200 hours of initial training. It was furthermore specified that this minimum number of hours should cover a number of cross-border items enumerated in the Regulation. Specific monitoring arrangements were not laid down in the non-paper but left to Member States' competence, since the way this was organised could vary considerably between Member States. The Chairman furthermore recalled that during the previous consultation process, the Commission-ECFIN had committed to take on board a possible agreement between the social partners specifying the content of cross-border CIT-training.

ESTA said that there was already an agreement between Uni-Europa, CoeSS and ESTA on the content of the cross-border training, while an agreement on some other related issues had not been found. The Chairman invited the social partners to provide the text of such an agreement to the Commission-ECFIN as soon as possible.

ESTA pointed out that it would be important to foresee a sufficient transition period before the entry into effect of the new cross-border transport rules, so that operators had the time to adapt. The Chairman agreed that it was indeed necessary to provide for transitional arrangements. This could, for example, be achieved by foreseeing some time between the adoption of the new rules and their entry into effect.

On a question from ESTA and CoESS about penalties, the Commission representative clarified that the main responsibility for penalties lay with the home Member State (which issued the cross-border licence), but that it was also foreseen that the host Member State could issue penalties, including a suspension of the right to carry-out CIT activities on its territory. It was furthermore indicated that sanctions should always be proportionate to the severity of the infringement.

ESTA considered that the armouring standard for the trucks was not sufficiently detailed and suggested to add references to shooting distance, velocity etc in line with the common parameters used by the industry. The Chairman recalled that the current wording on armouring standards had been discussed in detail in the expert group of Member States, but suggested ESTA to transmit these parameters to the Commission for its consideration.

CoESS pointed out that the non-paper did not say anything about the possible use of uniform in the case of transport of banknotes in an unarmoured vehicle with clear markings that it is equipped with IBNS. The Chairman clarified that this meant that the Regulation left open the possibility of using a uniform but did not impose it.

Finally, the Chairman clarified that for the purpose of the examination of the implementation of the future Regulation and the related review, the social partners should be consulted and that this would be explicitly mentioned in the non-paper.

4) EXCHANGE OF VIEWS ON THE POSSIBLE IMPACTS OF THE ENVISAGED RULES

The Commission representative made a presentation of notably the potential economic and social impact of the envisaged rules as well as the envisaged rule on remuneration of CIT-staff carrying out cross-border transport. He thanked the social partners for the information provided on salaries and invited them to provide data also for the remaining countries and to signal possible factual errors in the data related to salaries in the draft impact assessment.

According to the external study that had been launched, the potential long-term market for cross-border transport of cash would amount to some 3 % of the total value ordered to CIT-companies, with considerable variations between countries. This would represent a significant increase compared to current situation, but was still a limited market.

Significant wage differences between neighbouring countries seemed furthermore to exist in some cases. It could therefore be justified to mitigate the potential social impact in the host country of possible wage competition. Due to the specific characteristics of the CIT-sector (frequent and short-term nature of postings abroad) there was however a need to clarify the application of the Directive on the posting of workers (PWD) for this type of transport operations to ensure that it was possible to apply in practice. The envisaged rule would make clear that the Directive applied to all cross-border transports carried out under the future Regulation and that the minimum protection would be limited to the minimum rates of pay according to the definition of the PWD (which could include different allowances, premiums etc depending on the situation in the host Member State). It should furthermore be clarified that the minimum rates of pay of the host country should apply for the whole day (if higher than the posted worker's actual salary), even though the worker only spent part of the day there. Finally, if the CIT-staff spent more than 100 days in another Member State, not only the minimum rates of the host country but all the terms and conditions according to the PWD should be applied fully (i.e. also regarding holidays, health, safety and hygiene at work etc).

During the following discussion, ESTA and ver.di, pointed out that there were currently no minimum rates of pay in force in Germany and they wondered how this situation would be addressed by the Commission. This issue would be very relevant if, for instance, Poland would opt-in to the Regulation or introduce the euro in the future. The Chairman replied that the possibility to declare collective agreements in the CIT-sector (which are concluded at the level of each Land) universally applicable existed in Germany, but had not been used yet. It was thus in the hands of the German authorities whether the foreseen minimum protection was to be applicable in Germany.

Ver.di furthermore considered that the minimum rule proposed in the non-paper would not solve the issue of the low salaries in some of the collective agreements in Germany.

Uni-Europa and CoESS recalled that they agreed that the highest salary should apply in a cross-border situation and called on the Commission to foresee this in the upcoming Regulation. ESTA furthermore pointed out that salaries represented 60-70 % of the operating costs in the sector, meaning that wage differences would have a very direct impact on the competitivity and market shares of the individual CIT-companies. The Chairman replied that the Commission services had been working hard on a workable rule on minimum protection. The envisaged rule followed existing principles in EU law and was intended to ensure their practical applicability in the sector. He stressed that the Commission was there to hear the views of the social partners and he took note of their common position on salaries, but pointed out that he did not see any possibility of deviating from the recognised principle of minimum protection for workers by introducing a rule in the future Commission proposal on maximum protection in this specific sector.

During the subsequent discussion, the social partners made the general comment that they did not consider that the social impact of the envisaged common rules had been sufficiently assessed. They furthermore made a number of specific remarks or requests for clarifications, in particular with regard to the applicability of specific health and security clauses (including on rehabilitation in case of accidents/attacks) in national collective agreements in the CIT-sector during work periods abroad, the applicability of pension rules during work periods abroad as well as applicable rules and sanctions during work periods abroad as regards the use of drugs and alcohol. Clarification was furthermore needed on the wage elements that are included in the 'minimum rates of pay' in the different Member States. The employment effects of the Commission's proposal as well as the impact of a possible opt-in of non-euro area countries should be examined in the impact assessment and, finally, the adjustment cost (i.e. the cost of complying with the Commission's proposal) should be better assessed in the impact assessment.

The Chairman took note of the remarks and requests for clarifications. He concluded that the Commission would look into these issues and try to find answers as far as possible, while pointing out that the level of analysis in the impact assessment should at the same time be proportionate.

The Chairman thanked the participants for their contributions and closed the meeting.