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IRU Position on Late Payments

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I. IRU POSITION

- Bearing in mind the questionable experience with the implementation of the current EU Late Payment Directive 2011/7/EU and the implementation of Directive (EU) 2019/633 on unfair trading practices in business-to-business (B2B) relationships in the agricultural and food supply chain sectors (which are structurally similar to road transport), a *Lex specialis* on late payments is considered the most adapted legal instrument for road transport, which is disproportionately exposed to unequal contractual practices and problems related to late payments, particularly due to its structure. Road transport is dominated by SMEs and even micro-enterprises with less than ten employees, constituting up to 90% of the sector, with limited or very limited negotiating power.
- A regulation directly applicable in Member States' legislative systems is considered most appropriate to overcome the current patchwork of national legislation and enforcement practices, avoid disparities, and cover both national and international mobility and supply chains, whilst leaving the possibility for Member States to apply more stringent and non-discriminatory measures at national level. This regulation should leave sufficient room for Member States to retain positive elements and good practices of their currently existing and functioning national systems.
- The regulation should apply to commercial contracts within road transport, including subcontracting, for operations starting or ending in the EU, where at least one party is engaged in professional transport by road. It should therefore not apply to business-to-consumer transactions. In case of cross-border contracts, the applicable law for payment should be defined according to the provisions of Regulation (EC) No 593/2008 on the law applicable to contractual obligations (Rome I), and consignment notes, such as CMR.
- Existing commercial contracts for transport services by road should be given 12 months to align with the new rules.
- The regulation should limit payment terms of all parties to a maximum of 30 calendar days in both B2B transactions and public contracts with no derogations. The payment period should start from the objective and verifiable moment of the completion of the service provision or the submission of the electronic invoice and the confirmation of its receipt, unless a specific due date is convened in the contract. Member States should be able to retain national payment terms shorter than 30 days.
- Any acceptance or verification procedure should be considered an integral part of the payment period and shall not justify an extension beyond the maximum payment period of 30 days. Businesses should remain free to agree on shorter payment terms.

- A comprehensive list of unfair practices should be established, to be prohibited by law.
- Interest on late payments should be automatically due when conditions are met. The creditor should not need to explicitly claim it. Interest should accrue until the principal is paid in full.
- In line with the provisions of Directive 2011/7/EU on combating late payment in commercial transactions, harmonised interest rate for late payments and/or compensation fees for recovery costs should be applicable across the EU, taking into account inflation rates.
- Compensation should be due per invoice – not per contract.
- Member States should designate national bodies to enforce the legislation and empower them to carry out investigations on their own initiative or via complaints, and apply administrative measures and/or issue sanctions.
- A mechanism for anonymous complaints that fully protects anonymous plaintiffs should be established.
- An EU mechanism should be created to facilitate cross-border settlements, including differences arising among Member States.
- Enforcement bodies should be authorised to publish the names of companies and contract givers found to be in a repeated and persistent breach of the regulation.
- Member States should establish voluntary and cost-effective mediation systems to resolve payment disputes outside of court, particularly for SMEs and micro-companies.
- Member States should be allowed to introduce stricter proportionate and non-discriminatory rules for transport contracts carried out exclusively at national level. Member States should be able to retain stricter national provisions and remedies enabling operators to recover unpaid transport charges. They should inform the European Commission, which should publish them on a centralised public website or portal, with comprehensive summaries in the most widely used EU languages.
- Enforcement authorities should cooperate among themselves across borders and with the European Commission and the industry.
- The European Commission should maintain a public website with enforcement contacts and national legal provisions.
- Member States should carry out information and promotional campaigns to widely disseminate knowledge about these rules, and support and facilitate access to training for SMEs, particularly regarding digital payment and credit management tools.
- The implementation and enforcement of this regulation should not create new reporting, registration, record-keeping or other administrative obligations for businesses. Particular attention should be paid to SMEs to ensure that compliance with this regulation does not result in disproportionate administrative burdens or costs.

II. ANALYSIS

Late payments continue to undermine the financial sustainability of commercial road transport operators across the EU, particularly SMEs and micro-enterprises, which constitute up to 90% of businesses in the sector. In such situations of significant power disparity between contractors and/or imbalanced bargaining power, issues related to fair and efficient contractual relationships are easily put into question. This often results in extended payment periods being imposed on smaller suppliers. As indicated by the

European Commission (EC), approximately 49% of EU businesses accept longer terms than they are comfortable with to avoid damaging relationships with customers.

Extended payment terms erode liquidity, while price pressures reduce margins to levels that limit operators' ability to absorb delays and invest to innovate and comply with regulatory obligations, which are particularly acute in road transport, as it has higher-than-average sectoral operational costs. They create severe cash flow disruptions and expose operators to sudden liquidity exhaustion, particularly in cases of high energy costs and economic slowdowns.

Despite the existence of an EU-level Late Payment Directive applicable to all sectors, late payments remain widespread, especially in subcontracting chains. Operators, particularly SMEs and micro-companies, operating downstream often face structural disadvantages and refrain from enforcing their rights due to fear of losing contracts or damaging commercial relationships. Unfair practices are reported both at the negotiation stage, through the imposition of excessively long payment terms, and at the execution stage, through unilateral extensions of agreed deadlines.

Despite the existence of reportedly well-functioning national legislative frameworks on late payments in some Member States, such as in France, Italy and Spain, national approaches to late payments and pricing pressures vary widely, creating uneven protection across the EU, particularly regarding cross-border supply chains. In its [Communication](#) on the Annual Single Market and Competitiveness Report, the EC noted that differences in national enforcement and administrative practices contribute to persistent late payment problems, creating an uneven playing field and undermining the functioning of the Internal market.

In many cases, significant delays are also observed in public service contracts, particularly in the passenger transport sector. Bus and coach operators providing services under public contracts formally fall under the general late payment framework (i.e. 30 days, extendable to 60 days). However, in practice, payment timelines are systematically extended due to administrative procedures. Public authorities typically allocate up to 30 days after the provision of services to verify performance before triggering the payment period, followed by an additional 30 days for payment execution.

Furthermore, in many of these cases, the starting point of the payment deadline is not considered to be the actual provision of the service, but rather the submission or even the acceptance of invoices, which may be delayed by the contracting authority. This practice effectively extends payment periods beyond the legal limits and creates significant liquidity constraints for operators, particularly SMEs.

Overall, the persistence of late payments reflects structural weaknesses in the current legislative framework: uneven enforcement, legal ambiguity surrounding the concept of "grossly unfair" payment terms in B2B transactions, asymmetries between public and private payment rules, limited monitoring and sanctions, and insufficient access to fast and effective redress mechanisms, including the absence of appropriate channels and mechanisms for anonymous complaints.

Fifteen years after the adoption of the Late Payment Directive, evidence suggests that the current framework has not delivered the intended shift towards prompt payment, particularly for SMEs operating in complex subcontracting chains.

As a result, the EC categorised the main weaknesses of the Late Payment Directive 2011/7/EU into three primary problem areas in its [Impact Assessment](#): insufficient framework conditions, market failure due to bargaining power imbalances, and inadequate redress mechanisms, all of them clearly observable in the road transport sector. The EC also quantified a number of adverse impacts on the functioning of the internal market and businesses, such as:

- 50% of all invoices are paid late,
- The average delay in paying invoices has constantly increased over recent years. As a matter of fact, it increased by 15 days from 2022 to 2024,
- EUR 100 billion of liquidity "locked" into late payments,

- An average of 10 hours per week wasted to chase late payers,
- 60% of businesses claiming not to invest in innovative solutions due to late payments, and
- A quarter of bankruptcies are due to invoices not paid on time.

The EC has also found that the issue is perceived as most urgent in the transport and storage sectors, with 68% of respondents requesting the establishment of a solid maximum period for paying invoices, far more than any other sector in the economy, with the second-most-affected sector (construction) “lagging behind” at 48%.

To address the situation, the EC made a [proposal](#) for a Late Payment Regulation applicable to all sectors in 2023, which is currently blocked at the level of the Council, whilst its support in the European Parliament is reportedly fading away.

In 2019, a *Lex specialis*, Directive (EU) 2019/633 on unfair trading practices, was adopted in the agrifood sector to shield smaller producers from the massive bargaining power of large retailers.

Today, after almost six years of implementation, several issues related to the nature of the instrument adopted have been identified, such as:

- Divergent national transposition and enforcement, coupled with highly fragmented national sanction systems,
- Lack of enforcement regarding cross-border contracts, which are at a comparable level (20%) with the road transport sector, and a lack of mechanism of national enforcement authorities to cooperate regarding cross-border infringements, and
- Loopholes in the anonymous complaints mechanism and a lack of administrative and legal capacity for national enforcement authorities to proactively launch investigations and audits.

III. DETAILED IRU POSITION

1. Why a *Lex specialis*

In many cases, due to its intrinsic specificity and key role in national and cross-border mobility and supply chains, the road transport sector has been regulated by EU-level-specific legislation (this is the case regarding the working time of mobile workers, the posting of drivers, but also driver training and access to market and profession, for both drivers and managers, to name but a few), which is not the case for the large majority of other economic and service sectors.

Road transport is dominated by SMEs and micro-enterprises with fewer than ten employees. They constitute up to 90% of the sector. Thus, most businesses have limited or very limited negotiating power and are, therefore, disproportionately exposed to unequal contractual practices and late payment problems.

Operational costs in road transport, such as fuel, are disproportionately higher in the “cost mix” compared to other economic sectors. They have a higher-than-average impact on SMEs and micro-companies. As a result, systemic late payments have a disproportionate impact on the functioning of both businesses and the EU’s entire mobility and supply chain.

In addition, the highly mobile nature of the sector – up to 20% of contracts involve cross-border services – limit the effectiveness of well-functioning national legislative late payment frameworks, reducing their overall benefit for the sector as a whole.

2. Choice of legal instrument

A regulation directly applicable in Member States’ legislative systems is considered most appropriate to overcome the current patchwork of national legislation and enforcement practices, avoid disparities, and cover both national and international

mobility and supply chains, whilst leaving the possibility for Member States to apply more stringent and non-discriminatory measures at national level and maintain existing good practices.

3. Contents of a potential legal instrument

a) Scope

- The regulation should apply to commercial contracts covering road transport, including subcontracting, for operations starting or ending their operations in the EU, where at least one party is engaged in professional transport by road. It should therefore not apply to business-to-consumer transactions.
- In case of cross-border contracts, the applicable law for payment should be defined according to the provisions of Regulation (EC) No 593/2008 on the law applicable to contractual obligations (Rome I), including its Article 5, in case the applicable law is not defined in the contract itself and consignment notes, such as CMR.

b) Payment terms and procedures

- The regulation should limit payment terms of all parties to a maximum of 30 calendar days in B2B transactions and public contracts with no derogations. The payment period should start from the objective and verifiable moment of the completion of the service provision and/or the submission of the electronic invoice and the confirmation of its receipt, unless a specific due date is agreed in the contract.
- A comprehensive list of unfair practices should be established, to be prohibited by law.

c) Interest, compensation fees and penalties

- Interest for late payment should be automatically due when conditions are met. The creditor should no longer need to explicitly claim it. Interest should accrue until the principal is paid in full.
- In line with the provisions of Directive 2011/7/EU on combating late payment in commercial transactions, harmonised interest rate for late payments and/or compensation fees for recovery costs should be applicable across the EU, taking into account inflation rates.
- Compensation should be due per invoice – not per contract

d) Enforcement, complaints and redress

- Member States should designate national bodies to enforce the legislation and empower them to carry out investigations on their own initiative or via complaints, apply administrative measures and issue sanctions.
- A mechanism for anonymous complaints that fully protects anonymous plaintiffs should be established.
- An EU mechanism should be created to facilitate cross-border settlements, including differences arising among Member States.
- Enforcement bodies should be authorised to publish the names of companies and contract givers found to be in a repeated and persistent breach of the regulation.
- Member States should establish voluntary and cost-effective mediation systems to resolve payment disputes out of court, particularly for SMEs and micro-companies.

- e) Implementation, national flexibilities and transition period
 - Member States should be allowed to introduce stricter proportionate and non-discriminatory rules for transport contracts carried out exclusively at national level. They should inform the EC, which should publish them on a centralised public website or portal, with comprehensive summaries in the most widely used EU languages.
 - Existing contracts should be given 12 months to align with the new rules.
- f) Cooperation
 - Enforcement authorities should cooperate among themselves across borders and with the EC and the industry.
 - The EC should maintain a public website with enforcement contacts and national legal provisions.
- g) Support measures
 - Member States should carry out information and promotional campaigns to widely share knowledge about these rules, and support and facilitate access to training for SMEs, particularly regarding digital payment and credit management tools.
- h) Avoiding administrative burden
 - The implementation and enforcement of this regulation should not create new reporting, registration, record-keeping or other administrative obligations for businesses.
 - Where complaints or enforcement proceedings arise, any administrative requirements shall be limited to what is strictly necessary and proportionate. Authorities should, wherever possible, rely on information already available through existing public registers, databases, electronic systems or ordinary business records, and should avoid requesting information that is already available from other sources.
 - Particular attention should be paid to SMEs to ensure that compliance with this regulation does not result in disproportionate administrative burdens or costs.

4. Useful practices from national legislation to be taken on board

In public contracts, heavy and sometimes artificially extended administrative practices highlight the need to clarify, at EU level, that the payment period should start from the objective and verifiable moment of service provision, and that verification procedures must not be used to artificially delay payments in public contracts.

Direct payment action ([Article L132-8 of French commerce code](#)): road transport companies facing late or no payment from their main contractor should be able to claim unpaid invoices directly to the consignor or consignee mentioned in the consignment note. This direct payment action could provide a real protection for subcontractors against late payments. It could also trigger behavioural change within the supply chain, with shippers, forwarders and operators taking measures to ensure subcontractors are paid on time.

Italy has recently introduced an enforcement mechanism that enables operators and representative associations to report recurrent late-payment practices to the National Register of Road Hauliers, which may transmit the information to the Italian Competition Authority for further assessment and possible investigation (Law No 105/2025 and implementing Circular of November 2025).

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