

## POSITION PAPER

### Moving from Low-Emission to Zero-Emission Logistics

CLECAT is the European Association for Forwarding, Transport, Logistics and Customs Services. CLECAT members utilise all modes of transport, including road, rail, air, maritime and inland waterways, as well as intermodal solutions, operating at EU and global level.

This paper sets out the needs and objectives of European freight forwarders and logistics service providers, represented by CLECAT, with respect to sustainable transport and logistics in the era of the European Green Deal for transport.

#### Summary

The new European Commission has set bold climate targets with the ambition for Europe to become the first climate-neutral continent in the world. This means that the transport and logistics sector will need to step up its decarbonisation efforts, which will pose a challenge given the current growth in transport demand and resulting emissions. CLECAT is of the view that much can be achieved to support the transport and logistics sector to reduce its emissions. Yet, if the EU really wants to fully decarbonise transport and transition to achieve a net zero economy in 2050, which so far is a declaration of intent, CLECAT believes the following is conditional for success:

- Secure **sufficient investment support** at EU/national level, while incentivising **private investment**, for sustainable transport projects and the finalisation of the TEN-T Network.
- Ensure smart regulation and avoid revisiting **failed policies such as the forced modal shift**.
- Find the optimal and most cost-effective **transport decarbonisation solutions** to accommodate the growing freight transport demand, **without curbing mobility**.
- Support the **private sector's initiatives** aiming to reduce GHG emissions from logistics operations, including reputation programmes, voluntary targets and standards.
- Promote collaboration and **increased efficiencies in logistics**, for example by the cross-border use of high capacity vehicles as this would reduce pressure on the existing road network.
- Incentivise **digital technologies** for the better use of assets and the modernisation of the transport system through **automation, connectivity and digitalisation**.
- Support the development of **sustainable alternative fuels and refuelling infrastructure**, in a fuel-neutral way, to boost industry uptake of climate-efficient technologies.
- Opt for an **integrated approach to transport externalities** to mitigate the impact of climate change, with possible charges determined in a fair, reasonable and non-discriminatory way.
- Advance **cross-border connectivity**, with a focus on intermodal connections, to ensure the seamless flow of goods, while further integrating, optimising, digitalising the TEN-T Network.

## **Logistics emissions at global and European level**

The International Transport Forum (ITF) has predicted a 3-fold increase in the global freight transport demand by 2050.<sup>1</sup> To tackle the challenge of rising GHG emissions from transport, a plethora of solutions need to be explored. However, an option that aims to curb the freight transport demand would only bring very limited gains in terms of emissions reduction; instead, such a measure would put in jeopardy the competitiveness of the global and especially the EU economy.

At the EU level, the European Commission has recently presented a European Green Deal,<sup>2</sup> a comprehensive package of measures aiming to make Europe climate-neutral by 2050. The package includes a 50-55% emissions reduction target for 2030; a climate law to reach net zero emissions by 2050; a fund worth €100 billion to finance the transition; a carbon border tax; and a series of initiatives for different sectors including transport. As highlighted by the Commission, transport accounts for a quarter of the EU's greenhouse gas emissions, and still growing. To achieve climate neutrality, the Commission has estimated that a 90% reduction in transport emissions is needed by 2050.

CLECAT firmly believes that smart, innovative and efficiency-driven solutions are needed to accommodate the rising demand for freight transport rather than attempting to restrain it. Such carefully designed solutions would contribute to effective transport emissions reduction while preserving the competitiveness of the EU. A holistic approach combining voluntary transport decarbonisation objectives, increased efficiency of logistics practices, fair internalisation of transport externalities, development of sustainable alternative fuels and respective infrastructure, as well as adequate financing of sustainable transport and logistics solutions, should therefore form the basis of any current and future policy at both the EU and national level.

### **1. Accelerating the decarbonisation of freight transport and logistics**

#### 1.1. Promoting voluntary logistics emissions footprinting

Many of CLECAT's member companies are seeking to assume greater responsibility for the environmental sustainability of their supply chains. This often results in undertaking various initiatives to reduce GHG emissions from their logistics operations, including voluntary targets and objectives, as well as industry standards. Yet, many others still need to develop their roadmaps and are seeking support to find the right programmes.

The main driving force behind these efforts is to respond to the call from their customers for information on emission reductions. Furthermore, given that logistics service providers often have no transport assets of their own, an emissions reduction strategy is pursued to engage with many different sub-contractors as they are responsible for the large part of direct emissions.<sup>3</sup>

CLECAT has been involved in numerous initiatives that encourage business to make the calculation and reporting of GHG emissions from freight movement and logistics activities a priority. CLECAT believes that measuring emissions from logistics operations supports companies in making better informed freight transportation decisions. Moreover, using GHG emissions as a performance indicator allows for choosing more sustainable transport modes and sub-contractors.

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<sup>1</sup> [ITF Transport Outlook 2019](#), International Transport Forum, May 2019.

<sup>2</sup> [The European Green Deal](#), European Commission, December 2019.

<sup>3</sup> For instance, about 217,000 tonnes of GHG emissions were generated in 2017 from GEODIS' own operations and electricity use, while emissions from subcontractors were about 4,500,000 tonnes.

At the same time, CLECAT remains convinced that logistics emissions accounting and footprinting should remain a voluntary initiative led by the industry. What has been lacking, according to the freight transport industry, is a global standard for the calculation of emissions of transport and logistics supply chains. For this reason, CLECAT supports the development of an ISO standard for quantification and reporting of GHG emissions of transport operations,<sup>4</sup> based on the GLEC Framework<sup>5</sup> and in combination with a review of the existing European standard on calculation and declaration of energy consumption and GHG emissions of transport services.<sup>6</sup> CLECAT has therefore contributed to the crowd-funding exercise for the development of the ISO standard and will be monitoring the process.

### 1.2. Applying a systematic approach to EU and national objectives to reduce transport emissions

The private sector's efforts can be supported by setting the long-term objectives for transport and logistics emissions reduction at EU and national level. This brings regulatory certainty for the industry to make private investments in green and innovative solutions, which is important to ensure the full-scale sector's contribution to the overall transport decarbonisation in the EU.

CLECAT therefore supports the ambitious new targets of the EU concerning the transport sector and is looking forward to contributing to further debate on the upcoming Green Deal proposals as they need to be embedded in legislation. However, these targets can only be met if all transport modes continue implementing sustainable projects and investing in sustainable solutions, thus enabling a progression towards low-carbon and low-energy transport systems.

CLECAT also urges the Member States to account for the transport sector's emissions in their National Energy and Climate Plans for 2030, with a view to deliver EU-wide decarbonisation in the longer term. Maximising carbon savings in transport and logistics in a business-friendly manner needs to be made a priority. This requires a systematic approach towards the GHG reduction policy, comprising the gradual uptake of low- and zero-emission vehicles, an increased capacity of more sustainable transport modes and the development of alternative fuels and infrastructure, as well as a more efficient organisation of the whole transport system, based on automation and digitalisation.

## **2. Increasing the efficiency of logistics practices**

### 2.1. Realising the potential of High Capacity Transport

As the demand for freight transport in the EU is expected to increase over the next few decades, there will be a need to make better use of the existing infrastructure in all modes of transport.

Allowing the high capacity vehicles (HCVs), designed to carry more cargo than standard trucks, could thus provide a highly effective solution. The HCVs have the potential of reducing costs and offering higher productivity than regular heavy goods vehicles, as they can consolidate freight from smaller trucks, consume less fuel and produce less emissions per unit of cargo transported. For example, two or three HCVs may carry as much cargo as three to five standard vehicles. It has also been estimated that HCVs can reduce carbon emissions per unit of freight by 15-40%, depending on the vehicle configuration and use.<sup>7</sup> As a result, this makes HCVs more cost-effective and environmentally friendly than regular vehicle combinations.

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<sup>4</sup> [ISO/AWI 14083](#), ISO, under development.

<sup>5</sup> [GLEC Framework 2.0](#), SFC, July 2019.

<sup>6</sup> [EN 16258:2012](#), CEN, November 2012.

<sup>7</sup> [High Capacity Transport: Towards Efficient, Safe and Sustainable Road Freight](#), International Transport Forum, May 2019.

Nonetheless, the current EU rules on maximum weights and dimensions of heavy-goods vehicles do not allow the cross-border use of HCVs beyond two consenting Member States. As such, CLECAT encourages policies that allow the high capacity transport (HCT) system in the international road freight transport, as this is both a practical and a cost-effective measure to reduce CO2 emissions. CLECAT would also encourage better connectivity between HCT in road and rail freight in support of intermodal transport.

## 2.2. Enabling the better use of assets through digital technologies

Whereas consolidation of cargo and collaboration in the supply chain is the major ‘raison d’être’ of freight forwarders, there are remaining opportunities for efficiency and sustainability gains in freight transport and logistics through the better use of assets and resources. Digital technologies can further support the consolidation of cargo and collaboration between parties in the supply chain through better sharing of information, thus reducing operational delays and empty trips.

CLECAT supports the ambition of the European Technology Platform for Logistics Innovation, ALICE,<sup>8</sup> to achieve the Physical Internet by 2050. Such an open global logistic system, as well as the steps to achieve this, will allow for connected, interoperable and shared use of assets on a large scale, thereby addressing the challenge of decarbonisation.

## **3. Ensuring fair charging for all modes of transport**

CLECAT calls for an integrated approach to transport externalities in the EU by reducing and mitigating the external impacts of freight transport. Given that nearly half of the total external costs of transport in the EU are environmental costs,<sup>9</sup> one of the main objectives for applying transport cost internalisation measures should be to mitigate the impact of such factors as climate change, air pollution, noise and well-to-tank emissions.

In addition, transport charges can be differentiated to some extent to reduce congestion or provide incentives to use cleaner vehicles/vessels. However, CLECAT stresses that the charging levels should be reasonable and determined in a fair and non-discriminatory way to avoid market distortions. Moreover, there should be a fair balance between the taxation paid by private and commercial users. Eventually, funds generated should be ring-fenced and then reinvested in transport. Further transport infrastructure and external cost charging can only incentivise cleaner and more efficient transport if charging revenues are reinvested in the mode from which they are drawn.

The reluctance in the national Ministries of Finance has been observed because they would lose control of a valuable revenue source. In CLECAT’s view, however, the system would only be deemed acceptable if the burden of the charges on the transport operators remained tax-neutral. CLECAT would also propose that at least part of the revenues from user charges are earmarked to certain projects that aim to make transport and logistics operations cleaner and more efficient. This includes investment in the maintenance, renewal and expansion of existing infrastructure (including the provision of a sufficient number of safe and secure parking areas), alternative infrastructure development, as well as clean, innovative and intelligent transport systems and vehicle technology.

CLECAT also takes note of the ambition of the European Green Deal to extend the EU Emissions Trading System (EU ETS) to the maritime sector and reduce free allowances for airlines. CLECAT would

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<sup>8</sup> [Alliance for Logistics Innovation through Collaboration in Europe](#), ETP ALICE, ongoing.

<sup>9</sup> [Sustainable Transport Infrastructure Charging and Internalisation of Transport Externalities](#), CE Delft et al., May 2019.

be interested to further comment on these measures once the European Commission has developed instruments to make this possible. At the same time, CLECAT is pleased to see that, although aviation is not directly embedded within the Paris Climate Agreement, the International Civil Aviation Organisation (ICAO) has agreed on an ambitious plan – the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) – to reduce aviation emissions.

#### **4. Developing sustainable transport infrastructure**

##### 4.1. Reinforcing intermodal infrastructure for a shift towards more sustainable transport modes

CLECAT welcomes and further encourages the shift towards less carbon-intensive modes of transport, such as rail or inland waterways, but it would be unrealistic to set the ambitions too high.

The Commission's European Green deal announced that, as a matter of priority, a substantial part of the 75% of inland freight carried today by road should shift onto rail and inland waterways. However, it is important to note that, despite many efforts, the modal share for road, rail and inland waterway freight transport remained substantially unchanged between 1996 and 2016, with the long-term prognoses for 2050 suggesting that road transport will maintain its dominant position.<sup>10</sup>

The modal choice is the result of many factors, including the quality, cost and time of service, as well as the access to intermodal infrastructure across the EU. For instance, there is an ongoing concern over the quality of services in rail freight, as the lack of punctuality, reliability and flexibility diminish the rail sector's competitiveness with road.

As such, CLECAT holds that shifting part of road freight to more sustainable transport modes should be made more attractive by improving the quality and reliability of services, as well as infrastructure availability and accessibility, focusing in particular on the lacking intermodal connections. Interfaces between different transport modes, such as intermodal terminals, are crucial for promoting intermodal transport services and ensuring efficient intermodal supply chains across the EU. Investments should be made based on clear demand-based management policies. Furthermore, better cooperation between different transport modes, supported by new technologies, will lead to their more efficient use and less emissions. Eventually, economic and fiscal incentive schemes should be offered to incentivise the transport operators to opt for greener modes of transport.

##### 4.2. Further developing sustainable alternative fuels and the refuelling/recharging infrastructure

CLECAT welcomes the Commission's announcement to ramp up the production of sustainable alternative transport fuels, which is essential for reducing the EU transport sector's dependency on the fossil-based energy, as well as for mitigating the environmental and societal impacts of transport. Alternative fuels emit substantially less CO<sub>2</sub> emissions than conventional fuels, and, depending on the fuel, produce less harmful air pollutants. Such fuels are especially important given that electric batteries might not be currently suited for all modes of transport.

In the road transport sector, alternative fuels, be it sustainably produced biofuels, low-carbon synthetic fuels or hydrogen fuel cells, provide a cleaner solution for vehicles operating in the increasingly prevalent low-emission zones in cities and urban areas. The cost-effective alternative fuels can also play a significant role in powering the long-distance haulage on land. In shipping, such alternatives as biofuels and methanol, as well as methane-based gases (CNG/LNG), which are already

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<sup>10</sup> [Modal Shift in European Transport: A Way Forward](#), TRT Trasporti e Territorio, November 2018.

used on some short-sea services, could be a suitable option for compliance with the more stringent International Maritime Organisation's sulphur regulations. In aviation, the air cargo industry is contributing to CO<sub>2</sub> emissions reductions through investments in biofuel programmes and R&D programmes for cleaner fuels (e.g. synthetic kerosene).

Incentives to switch to sustainable alternative fuels should therefore form part of transport and logistics policies in the EU. Regarding road transport, this could include financial support and fiscal incentives or exemptions, as well as access to infrastructure for certain low-emission vehicles. However, initiatives regulating vehicle access should not impede the movement of goods. As long as the electrification and alternative fuels, as well as the fuelling/charging infrastructure (e.g. electric charging points, hydrogen fuelling stations or electric highways), are not widely accessible for the heavy-goods vehicles, the continued assurance of commercial transport and delivery services must be taken into consideration when planning transport policy in the EU. Simply preventing conventionally-fuelled vehicles from delivering goods to urban locations, without the appropriate alternatives in place, would have serious economic consequences for the areas concerned.

The lack of fuelling infrastructure is also a major obstacle for waterborne transport. The bunkering and storage infrastructure for alternative fuels such as bio-LNG, as well as green methanol and hydrogen, must therefore be facilitated across the maritime and inland ports in the EU. For instance, short sea shipping can only further develop if sufficient alternative bunkering infrastructure in ports is deployed, with a possibility to quickly adapt to changes in fuels used. The safety concerns must also be ensured with regards to bunkering and storage of such alternatives as hydrogen and LNG.

CLECAT thereby stresses the importance of the gradual adoption of alternative fuels to achieve transport decarbonisation, while emphasising the need to accelerate the development and deployment of alternative low-emission energy options in different modes of transport. Alternative fuels will have to be made available in sufficient quantities, while deploying accessible infrastructure for fuelling/charging is instrumental for their uptake. The forthcoming review of the 2014 Alternative Fuels Infrastructure Directive will provide an opportunity to improve on the latter. However, there is no single fuel solution and all main alternative fuel options must be pursued, focusing on the specific needs of each transport mode. It must also be noted that conventional fuels will still be needed in the foreseeable future until the demand can be met in full by the alternatives, the necessary infrastructure is put in place and the safety concerns are met.

#### 4.3. Advancing sustainable transport infrastructure solutions across the TEN-T Network

The Trans-European Transport Network (TEN-T) policy sets the right priorities in terms of sustainability and has an important role to play in ensuring that future transport infrastructure development delivers on the EU's climate objectives. As such, the timely completion of the TEN-T Network is a necessary precondition for a greener and more efficient transport system in Europe.

In many aspects, the integration and development of the TEN-T Network has contributed to the increased efficiency of infrastructure use and provision in the EU, while supporting the development of multimodal transport services for users, including logistics service providers. Nevertheless, a lot remains to be done. The progress of completing the TEN-T Network has been slow: for instance, the existence of missing cross-border links in the railway sector continues to exist; there are not enough adequate and publicly available charging points for electric vehicles; appropriate truck parking areas are seriously lacking, often forcing drivers to divert from their route and drive around in order to find a proper rest area, which consequently creates empty kilometres and unnecessary emissions.

In the context of the evaluation and review of the TEN-T policy, CLECAT calls for further improving cross-border connectivity to ensure the seamless flow of goods, while further integrating, optimising and digitalising the TEN-T Network. In particular, the provision of better multimodal services along the Core Network Corridors depend on the improvement of multimodal connections, which are of importance to logistics service providers.

## **5. Ensuring better financing and investment conditions for sustainable transport solutions**

CLECAT maintains that significant private and public investments are needed to transform the EU economy to deliver on climate, environmental and social sustainability objectives.

As evidenced in the Commission's Action Plan on Financing Sustainable Growth,<sup>11</sup> the transport sector requires about 30% of additional annual investment for sustainable development in the EU. Closing this investment gap means substantially reorienting private capital flows towards investments in greener and more efficient transport projects. The new EU framework for sustainable investment, EU taxonomy, as well as the upcoming Green Deal's Sustainable Europe Investment Plan, should therefore take appropriate account of the transport and logistics sector and guide investors willing to invest in cleaner modes of transport, as well as zero-emission transport technologies, digital logistics solutions and further development of transport infrastructure.

CLECAT also believes that bridging the missing links across the EU by promoting investments in the TEN-T Network is essential to meet the EU's climate targets and ensure smooth transition towards low-emission transport system in Europe. This is also in line with the 25% climate objective set by the EU for the new cycle of the Multiannual Financial Framework (MFF) for 2021-2027.

CLECAT therefore argues that the Connecting Europe Facility (CEF), the EU's funding instrument designed to facilitate the realisation of EU's transport infrastructure policy, offers the best guarantee to deliver high EU added-value in the transport sector under the next MFF and provides an opportunity to finance the actual deployment of sustainable, high-performing and efficient transport projects. The new CEF must thus favour projects promoting interoperable and multimodal solutions for the development and modernisation of transport infrastructure for all modes.

A strong CEF with responsible grant management is vital for completing the TEN-T Network and ensuring the realisation of climate-neutral transport. The TEN-T's Core Network must be completed by 2030, which requires over €740 billion.<sup>12</sup> An insufficient budget for transport will put the completion of the Core Network at risk. Without strategic investments Europe will progressively lose ground and its efficient transport infrastructure, which is the prerequisite for the climate-neutral economic growth in the long term.

Moreover, as the responsibility for developing, financing and building transport infrastructure lies primarily with the Member States, CLECAT remains concerned with the backlog in investments in transport infrastructure in various regions in the EU. In particular, the Central and Eastern Member States are not well served by the East-West connections; nor are they well linked to each other.

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<sup>11</sup> [Action Plan: Financing Sustainable Growth](#), European Commission, March 2018.

<sup>12</sup> [Europe on the Move: An Agenda for a Socially Fair Transition towards Clean, Competitive and Connected Mobility for All](#), European Commission, May 2017.

## Conclusions

The forwarding, transport and logistics industry is committed to ambitious European decarbonisation goals and is willing to actively contribute to the substantial reduction of GHG emissions from its transport and logistics operations. CLECAT and its national associations encourage freight forwarders and logistics service providers to opt for a 'leading by example' approach and demonstrate serious decarbonisation efforts by setting own emissions reduction targets for their global logistics supply chains, together with rigorous implementation strategies to meet them.

CLECAT maintains that funding is key to support the proposed measures and investment in new technologies, alternative fuels and transport infrastructure, as part of the negotiations on the CEF and MFF, without which the ambitions of the European Green Deal will not be reached. The new policies of the European Commission and EU Member States should support the transition towards the carbon-neutral transport system in the EU by introducing specific instruments and incentives that reinforce the sustainable logistics-focused strategies and initiatives undertaken by the industry. These measures must be designed in a smart and proportionate way, with the least possible impact on trade and the free movement of goods in the EU.

CLECAT emphasises the need for enhanced collaboration between the public and private sectors at both EU and national level in order to ensure that the decarbonisation solutions benefit from industry expertise and are workable for all, thus guaranteeing maximum efficacy. The full potential of these solutions should be explored in a technology- and fuel-neutral way, and this should be done through public-private partnerships when possible.

CLECAT remains at the disposal of interested parties for any further information.

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