

## POLICY RESPONSE

### Revision of the CO2 standards for heavy-duty vehicles

CLECAT, the European Association for Forwarding, Transport, Logistics and Customs Services, welcomes the [Commission proposal](#) revising [Regulation \(EU\) 2019/1242](#) on CO2 standards for heavy-duty vehicles (HDV) as a timely initiative to bring the emissions of road freight transport in line with the Paris Agreement and Europe's ambition to become climate-neutral by 2050.

The freight forwarding sector 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. Whereas the road transport sector, including operators and OEMs have started to implement decarbonisation strategies, there are outstanding challenges related to the effective supply and availability of electric and hydrogen-powered vehicles, the corresponding charging/refuelling infrastructure and the sector's limited financial capacity to undertake the transition towards Zero Emission Vehicles (ZEV).

CLECAT considers the revision of the current Regulation an important step towards improving the emissions performance and efficiency of the road transport logistics system by standardising and increasing the uptake of technologies which reduce fuel consumption and emissions. CLECAT believes a flexible mechanism to incentivise low- and zero-emissions vehicles should drive innovation while avoiding measures which would damage the competitiveness of the transport and logistics sector.

#### Key messages

- CLECAT considers the proposed CO2 emission reduction targets for trucks a balanced approach between the need to drive the decarbonisation of road freight transport, while maintaining the possibility to rely on internal combustion engines, when conditions are necessary. Depending on the roll-out of both zero-emission vehicles and adequate charging/refuelling infrastructure on European roads, the CO2 standards Regulation could be strengthened in the medium term (5-10 years).
- CLECAT welcomes the extension of the scope to medium lorries (5 tonnes to 16 tonnes), but the heaviest trucks (groups 11, 12 and 16) should remain excluded from the Regulation. These vehicles only contribute to 5% of annual emissions from road freight transport, as their electrification potential is not sufficiently mature to decarbonise this type of vehicles with electric batteries or green hydrogen.
- Next to supporting stricter CO2 standards, CLECAT continues to call for coherence and alignment with other pieces of legislation (AFIR, ETS, RED, purchase subsidies...) which will drive the decarbonisation of road freight transport.

## **Reviewing the targets for CO<sub>2</sub> emission reduction of HDVs**

The Commission proposes to decrease CO<sub>2</sub> emissions per km from new HDV by 90% by 2040, as compared to the reference period (1 July 2019 – 30 June 2020), with intermediate targets for 2030 (43%) and 2035 (64%). This proposed GHG emission reduction trajectory means that the majority of the new trucks brought to the market will be zero-emission (at the tailpipe, meaning battery-electric or hydrogen fuel cell trucks, as well as ICE fuelled with hydrogen) while keeping the door open to trucks with conventional engines, probably fuelled with biofuels or synthetic fuels, for very specific use cases.

As such, we consider the Commission proposal as a balanced approach between the need to rapidly decarbonise road freight transport by bringing more zero-emission vehicles on the market and maintaining the possibility to rely on internal combustion engines, when conditions are necessary (very heavy payloads, lack of infrastructure availability in specific regions etc). In addition, decarbonising long-haul transport will take longer than decarbonisation in efforts in short-haul transport, as the range of battery-electric trucks is currently not sufficient to match long-haul usage, and other technologies will be needed in the first place to decarbonise this segment (bio-CNG and bio-LNG for example).

CLECAT therefore **supports the 90% emission reduction target by 2040**, as proposed by the Commission.

## **Keep the heaviest trucks out of the scope of the Regulation**

CLECAT welcomes the proposed enlargement of the scope of the Regulation to smaller trucks between 5 and 16 tonnes. Zero-emission vehicles already constitute a solid business case for urban/regional deliveries with this category of trucks. It is therefore essential to accelerate the decarbonisation of urban/regional logistics by setting up emission reduction targets for medium lorries.

CLECAT emphasises that trucks belonging to vehicle group 11 and above should remain excluded from the scope of the Regulation: Lorries with an 6x4 axle configuration (3 axles with 2 driving axles) and above (8x2, 8x4 etc) are built to carry very heavy payloads and concern a small share of the European road freight market (5% of annual emissions), for very specific use-cases. As such, these vehicles consume less fuel and produce less emissions per unit of cargo transported, while reducing the number of trucks on EU roads.

Setting standards on these trucks would only bring a marginal benefit as the electrification potential of these heavy-duty vehicles is not sufficiently mature to decarbonise this type of vehicle with electric batteries or green hydrogen. CLECAT therefore calls to **remove vehicle groups 11, 12 and 16 from the scope of the proposal**. However, there should still be the possibility for manufacturers to account zero-emission vehicles from these categories put to the market in their CO<sub>2</sub> emissions reduction target.

## **Other provisions**

The Commission proposes to change the definition of a 'zero-emission' truck as vehicle emitting less than 5g of CO<sub>2</sub> per tonne-km. This proposed definition creates a dangerous loophole for a continued sale of emitting dual-fuel vehicles even after 2050, blurs the meaning of truly future-proof and emission-free technologies and waters down the ambition level. CLECAT strongly support **maintaining the zero-emission definition of the current HDV CO<sub>2</sub> Regulation** which states that only trucks emitting less than 1g of CO<sub>2</sub> per kWh can be defined as ZEVs.

The current Zero and Low Emission Vehicles (ZLEV) mechanism intends to accelerate the initial uptake of these vehicles and create an equally incentivising context for low as well as zero emission trucks. The Commission proposes to gradually phase out the mechanism until 2030. CLECAT agrees with the proposal of having such a mechanism until market maturity for zero-emission trucks has been reached. However, a ZEV-only incentive is needed to safeguard a faster adoption of truly clean technologies and future-proof technologies which means LEVs should be excluded from the incentive mechanism.

With regards to the use of revenues from excess emission premiums, a fair share could be used to support the transition of the road freight sector to zero emission, including accelerating the deployment of zero emission HDV infrastructure across the EU. A fund to foster technology innovation in the freight transport sector should be created.

Finally, ensuring enforcement of new targets is vital to reach the EU's climate ambitions. The Regulation should task the Commission to publish a report every 2 years assessing the efforts made by the industry in decarbonising the new trucks as well as the charging/refuelling infrastructure roll-out necessary to ensure the uptake of such vehicles. Depending on the roll-out of both zero-emission vehicles and adequate charging/refuelling infrastructure on European roads, the CO<sub>2</sub> targets Regulation could be strengthened in the medium term (5-10 years).

## **Securing alignment with other pieces of legislation**

The HDV CO<sub>2</sub> standards Regulation is not the only piece of legislation aimed at decarbonising road freight transport. The proposal closely connects with the transport-related proposals of the Fit for 55 Package (ETS 2, AFIR, RED...), which should be understood and negotiated in a joint effort to ensure a sound environment for the uptake of zero-emission vehicles thanks to financial, operational and regulatory incentives.

In parallel to stricter CO<sub>2</sub> standards, CLECAT calls on Member States to secure sufficient funding to subsidy programs for transport operators to invest in decarbonised trucks. As most companies in the road freight transport sector operate with a low operating margin (EBIT) of 2 - 3 %, it can be assumed that a substantial acquisition subsidy will be necessary at least until 2040, to secure the success of alternatively fuelled commercial vehicles.

Carbon pricing measures are also an important tool to reduce the TCO gap between conventional diesel trucks and zero-emission vehicles, provided that a part of the revenues generated by the auctioning of allowances is returned to the transport sector in the form of subsidies for investments

in green vehicles and technology. CLECAT welcomed the recent adoption of the Directive setting up a separate EU Emission Trading Scheme for road transport (ETS 2), but regrets that co-legislators did not earmark a share of the related revenues towards the road transport sector. Higher taxation without sufficient funding for the industry will disincentivise the further uptake of new technologies coming into the market. CLECAT continues its call towards national governments to ensure ETS 2 revenues are used to help transport companies switching to zero-emission vehicles.

The charging infrastructure required for zero-emission commercial vehicles is currently insufficient to match the use cases of most heavy-duty vehicles. The level of ambition to deploy the required infrastructure at EU level needs to be significantly upgraded if the HDV sector is to be decarbonised in line with EU climate ambitions. In this regard, CLECAT welcomes the recent agreement between the Parliament and the Council over the Alternative Fuels Infrastructure Regulation (AFIR) proposal, as it gives the right signal to start the development a dense network able to cover all trips for logistics service providers across Europe. This Regulation should be accompanied with proper incentives, for example through the Recovery and Resilience Facility according to the Recharge and Refuel flagship. It is therefore critical that EU and national funding instruments prioritise support towards projects developing alternative fuels infrastructure.

Finally, it is crucial that upstream emissions are reduced to a minimum, which requires an alignment of other EU legislation: the current revision of the Renewable Energy Directive should therefore ensure, that the share of renewables in the EU electricity and hydrogen production is well increased, while setting out strong sustainability criteria for biofuels used in the EU.

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

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