

## POSITION PAPER

### EU 'Fit for 55' package: forwarders' views on the transport related proposals

CLECAT is the Brussels-based organisation representing freight forwarders, transport and Customs related services in Europe. CLECAT represents the interests of more than 19,000 companies employing in excess of 1,000,000 staff in logistics, freight forwarding and Customs services. European freight forwarders and Customs service providers utilise all modes of transport, including road, rail, air, maritime, inland waterways and intermodal solutions. They make extensive use of IT systems, dedicated terminals and warehousing to respond to the needs of their customers.

#### Summary

CLECAT is supportive of the European Green Deal and its ambition to make Europe the first climate-neutral continent by 2050. The Fit for 55 is a unique opportunity for the EU to support a swift transition to zero emission mobility. This paper seeks to provide a comprehensive overview of European freight forwarders and logistics service providers' views on the proposals. Whereas many of the proposals do not have a direct impact on the operations of freight forwarders, they will have a direct impact on the footprint of European and pan-European logistics supply chains. With this in mind, CLECAT members have considered the individual proposals of the Fit for 55 Package impacting on freight transport logistics, as addressed below.

#### Key messages of European Freight Forwarders

- CLECAT welcomes the proposal for a Regulation for the deployment of recharging and refuelling infrastructure for all modes of freight transport to enable a switch to alternative fuels. This will allow for swift implementation in the coming years with the targets and requirements applying as early as 2025, in line with the electric and hydrogen vehicle market growth.
- The logistics sector continues to rely on a transition period until low and zero emission vehicles will become available and affordable, at least for long haul freight transport. The carbon pricing measures in the transport sector will stimulate the market demand for zero- and low emission vehicles for freight transport, provided that the extra financial burden in the short term for the industry is coupled with sufficient incentives to accelerate the decarbonisation efforts in every mode of transport.
- Revenues from CO2 pricing from freight transport should be ringfenced and returned to the respective transport sector in the form of subsidy programmes for investments in green vehicles, technology and innovation in infrastructure. It remains important to reach economies of scale in zero-emission transport at a quicker pace, to ensure new options become affordable.

- CLECAT supports the proposal to make shipping pay for its pollution by the inclusion of maritime transport in the ETS system and the gradual increase of sustainable alternative fuels. In the field of aviation, CLECAT particularly welcomes the proposals to increase the production, deployment, and supply of affordable, high-quality alternative sustainable aviation fuels (SAF) in Europe.
- The revision of the Energy Taxation Directive (ETD) will significantly increase the cost structure of logistics in view of the increase in taxation of fossil fuels. The Commission needs to acknowledge that low-carbon fuels (LNG, biofuels) should be recognised as a bridging solution to decarbonise the sector. During this transitional period, incentives for low carbon fuels will be needed without creating any lock-in effects.

Despite sound proposals, CLECAT considers that there is room for improvement of the various proposals. The main points of concern and outstanding questions are addressed in this paper. Whereas we recognise the need for action, we believe that the legislators have a responsibility to listen to the concerns and needs of stakeholders. CLECAT therefore calls for a meaningful dialogue and exchange with the legislative parties.

### **Alternative Fuels Infrastructure Regulation (AFIR)**

As outlined in its dedicated [position paper](#) on AFIR, CLECAT welcomes the Commission proposal for a new EU framework for the deployment of recharging and refuelling infrastructure for all modes of freight transport, to enable a switch to alternative fuels. The deployment of this infrastructure is currently uneven and insufficient to further decarbonise the transport sector. Many of the existing electric charging/alternative fuelling points for cars and vans in the EU are not suitable for heavy-duty vehicles (HDVs) in terms of size and power capacity. The infrastructure needed for HDVs in the energy transition is nearly absent for alternative energies, such as electricity and hydrogen, and somewhat more developed for CNG/LNG, but hardly available for bio CNG/LNG fuel. Furthermore, CNG fuelling stations are often only designed for passenger cars but not accessible for trucks. It is equally important that the charging points are operationally practicable, i.e., that the high space requirements of an e-truck (min. 18.75m length without turning possibility) are considered. Moreover, the lack of development of the alternative fuelling infrastructure is not only limited to road, but also to other modes of transport, including aviation, maritime and rail.

CLECAT welcomes the change of the legislative instrument from a Directive into a Regulation. It would provide for an EU-wide direct application of uniform mandatory targets for the deployment of alternative fuels infrastructure, without the risk of creating a patchwork of national provisions. This would further support harmonisation amongst Member States and ensure a decent cross-border infrastructure coverage. CLECAT equally supports the introduction of binding targets for 2025 and 2030 for the deployment of zero-emission truck infrastructure along the TEN-T core and comprehensive network, as well as at urban nodes and in Safe and Secure Truck Parking Areas.

A few issues remain, such as the required power level of the truck chargers, which is currently too low to satisfy the need to recharge during the legal resting times of the drivers. The proposal also fails to include national fleet-based targets for heavy-duty vehicles chargers. Without these targets at national level there is a risk of insufficient infrastructure being rolled out at pace with the market

developments of zero-emission trucks. CLECAT therefore proposes to amend the proposal to include national fleet-based targets and increase the power output required by the proposed distance-based targets.

CLECAT believes that biofuels as well as CNG, LNG and LPG can only be regarded as transitional fuels. Whereas these fuels will remain necessary in the next decade for long-haul road transport, they are not a long-term solution. Nevertheless, the Regulation should promote the role of bridging technologies before the full uptake of zero-emission trucks. These technologies will be needed in the short- and medium term to rapidly reduce emissions from the road transport sector and to ensure a back-up solution in case the targets are not met.

Finally, the proposal should be accompanied with proper financial incentives to achieve infrastructure targets in the Member States. It is therefore important that EU and national funding instruments prioritise support towards projects developing alternative fuels infrastructure to meet the ambitious targets of the proposal.

### **An Emissions Trading System for road transport and the revision of the EU ETS including maritime, aviation and CORSIA**

The EU Emissions Trading System (EU ETS), the EU's instrument to measure and price carbon emissions per unit, is revised to increase its ambition to reduce the number of EU-wide annual allowances at a quicker pace. While maritime transport will be included in the current ETS system, the Commission chose to propose a separate emissions trading system for road transport and buildings, rather than including these sectors in the main EU ETS. The Commission also proposes to gradually remove free emissions allowances for the aviation sector, which is already covered by the EU ETS, and to move to full auctioning of allowances by 2027 to create a stronger price signal to drive emissions reduction.

- ***ETS for road transport***

As outlined in its dedicated [position paper](#) on an ETS for road transport, CLECAT welcomes the Commission's proposal to create a new EU-ETS adjacent to the existing EU ETS system, which will put a price on emissions from the building and the road transport sectors. This should avoid the proliferation of national ETS schemes. However, a proper integration with already existing schemes at national level, such as in Germany, is needed to avoid double charging of CO<sub>2</sub> emissions. Double charging should also be avoided with the implementation of revised Eurovignette Directive, which would not fully introduce CO<sub>2</sub> pricing, as only a network of routes would be subject to the charging system.

The ETS for road transport should ensure that revenues from the auctioning of allowances are ringfenced and reinvested towards the road freight transport sector, to allow for the uptake of investments into low and zero-emission road freight transport technologies. Without securing funding for these investments with clear and explicit targets, there is a risk of insufficient funding in support of zero emission trucking.

CLECAT is firmly of the view that a revised EU ETS Directive must mandate Member States to return a significant part of the revenues from CO<sub>2</sub> pricing for freight transport to the transport sector in the form of subsidy programs for investments in green vehicles and technology. This would allow for a much faster deployment of innovation than we currently see. The Commission proposes that a part of the revenues from the auctioned allowances should be made available for the Innovation Fund. CLECAT welcomes this but would strengthen this by making this support for innovative transport technologies mandatory. CLECAT appreciates the proposal for a Social Climate Fund to support companies to sustain their businesses in view of cost increases. CLECAT would equally propose to extend the scope of the Fund to SMEs, as the current proposal only covers micro-enterprises of less than 10 persons.

- ***Revision of ETS for the aviation sector***

The Commission is proposing to update the ETS rules for aviation to create an effective price signal and ensure that the sector contributes its fair share for its carbon emissions. Flights within the European Economic Area (EEA), as well as flights to Switzerland and the UK, will continue to be covered by the EU ETS. CLECAT appreciates the proposed progressive reduction of the number of free allowances allocated to aircraft operators, with the aim of stopping free allocation to aviation by the end of 2026. Whilst being a proponent of the polluter-pays principle, CLECAT believes that imposing increased costs on the aviation sector is, by itself not a solution to make aviation less carbon-intensive and more sustainable. To effectively drive the sector's sustainability efforts, it is crucial that the revenues generated by costs for the industry are ringfenced. Therefore, the ETS proposal needs to clearly state that the EU and Member States shall use revenues coming from the auctioning of allowances to support the research, production and deployment of sustainable aviation fuels. Only if such a ringfencing of the ETS revenues is applied, a progressive reduction of free allowances will contribute to a more sustainable aviation sector.

In parallel, the proposal implements the ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) for flights that are currently not covered by the EU ETS, i.e. flights to and from third countries, and by EU-based airlines between two third countries. The initiative's aim is to offset carbon emissions of aviation being above the CORSIA baseline (2019 emission levels) towards other sectors. While CORSIA follows a different approach than the EU ETS in terms of emission reduction following negotiations at ICAO level, CLECAT believes that both systems can and should coexist, as global measures are best suited to ensure a pathway towards decarbonisation of international aviation. In view of the aviation sector's global character, CLECAT appreciates that using CORSIA as a global market-based measure aims at increasing the climate ambitions of States on a global level.

- ***Inclusion of maritime emissions in the EU ETS***

Shipping is the only sector in Europe that does not have emission reduction measures yet, whereas its emissions are high, and a low tax regime is applied to shipping. CLECAT is of the opinion that the sector should start to contribute its fair share to address the climate crisis.

CLECAT supports the call for revenues generated under the EU ETS to be used for the investment in cleaner technologies and R&D projects. This should contribute to lowering the price differential between cleaner and conventional fuels. Therefore, the ETS proposal should be fine-tuned to secure at least a dedicated envelop in the Innovation Fund for maritime transport.

According to the proposal, shipping companies will pay for emissions allowances for voyages between European ports, half of emissions from voyages to or from non-EU ports, and all emissions at berth in EU ports. CLECAT is of the opinion that by limiting the scope to half of the emissions from international voyages, the Commission has taken a balanced approach and expects other countries or regions to adopt similar regulations with extraterritorial reach. An EU ETS for shipping should not preclude global action at IMO, but instead incentivise legal initiatives in other regions. CLECAT recognises the need to accelerate this, in view of the risk of carbon leaking in case of increased calls at non-EU ports (UK, Russia, Maghreb).

While the inclusion of shipping will not provide free allowances for the sector, the gradual three-year phase-in of the ETS for shipping raises some concerns: shipping companies are currently reporting their emissions as part of the MRV Regulation, and there is little need for the shipping industry to gradually surrender CO<sub>2</sub> allowances.

Finally, CLECAT regrets that a detailed assessment of the impact of the implementation of the ETS on the actual freight costs is lacking in the Commission's impact assessment.

## **Uptake of alternative fuels in various modes of transport**

- ***FuelEU Maritime***

The FuelEU Maritime proposal intends to decarbonise the shipping industry by increasing the use and production of sustainable alternative fuels. The Commission has chosen a technology-neutral approach by establishing limits on greenhouse gas intensity of the energy used on-board, reduced gradually over time. This is welcomed as it gives flexibility to market operators to choose for the most suitable options, as there is currently no single solution to decarbonise maritime transport.

CLECAT appreciates the reasoning of the European Commission to make the scope of FuelEU Maritime consistent with the reporting and verifications obligations of shipping and the proposed inclusion of maritime emissions in the EU ETS. This will allow for a proper implementation of both the EU ETS for shipping and FuelEU Maritime. CLECAT also believes that the obligations of compliance must lie with shipping companies, as they are in the best position to reduce their emissions. Fuel suppliers should not be made responsible for the decarbonisation of shipping.

Sustainable alternative fuels for maritime will have to be made available in sufficient quantities, while deploying accessible refuelling/recharging infrastructure will be crucial for their uptake. While the use of fossil fuels should have a clear end date, conventional fuels will still be needed in the foreseeable future until the demand can be fully met by more sustainable alternatives, the necessary infrastructure is put in place, and the safety concerns are met.

CLECAT stresses that appropriate funding, both public and private, for investments in sustainable alternative fuels and infrastructure solutions, is key to realise the proposed measures.

- ***ReFuelEU Aviation***

CLECAT has particularly welcomed the 'ReFuelEU Aviation' initiative to increase the production, deployment, and supply of affordable, high quality alternative sustainable fuels in Europe. The proposal for a Regulation would force suppliers to blend a minimum of 2% of sustainable aviation fuel (SAF) into their kerosene from 2025, rising to 5% in 2030 and 63% in 2050. A portion of the total binding target for SAF would be reserved for the novel e-fuels, which are currently even more scarce and costly than other SAF compared to kerosene. For that, a subtotal of 0.7% in 2030 rising to 28% in 2050 is included in the legislation.

The proposal imposes a clear and uniform obligation on fuel suppliers to supply all EU airports with SAF, as well as an obligation on airlines for mandatory refuelling at EU airports when departing. Thanks to this approach, the level-playing field of air transport can be maintained, without negatively affecting competitiveness of EU airlines or airports compared to neighbouring countries (United Kingdom, Turkey, Gulf States). Considering the refuelling obligations, CLECAT raises attention to the existence of international rules on fuel supply on board of an aircraft for safety purposes, enshrined in ICAO Annex 6 Chapter 4, which mandate operators to ensure sufficient fuel for at least an additional flight time of 45 minutes plus 15% of the flight time planned to be spent at the cruising level(s). This must be taken into account, as any aircraft landing will thereby inherently carry some fuel on board before refuelling.

Due to the inherent cross-border and global dimension of air transport, CLECAT appreciates the fact that the Commission has proposed a Regulation, preventing the risk of a patchwork of national measures with diverging requirements and targets within the EU. This will ensure that the sustainability targets of the EU for SAF are met in a harmonised way. CLECAT therefore supports the ReFuelEU proposal, under the condition that a failproof system with appropriate control mechanisms is put in place, which ensures transparency for the fuels purchased and used in the EU. CLECAT believes that SAF, including the innovative e-fuels, should be accounted for under EU ETS or CORSIA, respectively.

In addition, there should be a possibility for operators to 'overachieve' the ambition on the deployment and use of sustainable alternative fuels set in the legislation: it can be realized through certificate trading for climate-friendly fuels, similar to green electricity certificates (book & claim system), which provides for a new framework where fuel suppliers, carriers and forwarders can invest in sustainable fuels and the emission reductions can be accounted for in their individual carbon footprint. Such a system would have to be governed by robust rules, ensuring the environmental integrity of the system, which would require appropriate mechanisms for verification and certification, thus preventing any misuse of the system where less sustainable fuels is used than is being paid for (SAF registry). CLECAT believes that this approach has the potential to increase and accelerate the realisation of the EU's climate targets by further incentivising a speedy uptake of sustainable fuels.

## **Van CO2 standards**

CLECAT believes that the proposed 100% CO2 emissions reduction target for 2035 is the right signal for manufacturers to invest in increasing the supply of zero-emission vans. However, the 50% CO2 reduction target for 2030 is not sufficient to deliver the critical mass of e-vans needed for zero-emission city logistics in the 2020s. Vehicles in the M1 (passenger car) and N1 (LCV) classes are used in large numbers in existing fleets today and will be used further in the future. A possible tightening of CO2 limits will affect the users indirectly, as they will benefit from falling vehicle emissions and a better offer. Therefore, the emission reduction target for 2030 should be increased from 50% to 60%.

Tightening the EU CO2 van standards will help accelerate the shift from combustion engines to battery-electric drives. Economies of scale, which are expected to become available not only on national markets but throughout the EU, will not only reduce the unit costs per vehicle for users, but also develop the infrastructure (electric charging stations, possibly hydrogen charging stations). In that regard, CLECAT believes that early target definition helps manufacturers and users to adjust their business planning. For the industry, this would mean better availability of zero-emission vehicles and faster conversion to e-vehicles. An important condition remains that operational locations provide sufficient charging points as well as a sufficient grid connection.

## **Energy proposals**

The Commission proposes to amend three Directives related to the use and taxation of energy in the EU, in support of its ambition to meet the overall target of 55% emission reduction by 2030. The proposals raise the EU objectives in terms of the use of renewable energy and energy savings. The Commission also seeks to restructure the taxation model of energy to end the favourable tax treatment of some fossil fuels in support of greener options.

- ***Revision of the Energy Taxation Directive (ETD)***

The Energy Taxation Directive (ETD) determines minimum taxation rates for fuels, including those used in transport. The Directive has not been reviewed since 2003 and contains many exemptions and outdated rates that are unable to support the EU reach its climate goals. Fossil fuel subsidies continue to exist in Member States and result in a wide range of tax exemptions and reductions across the EU. The Commission now proposed to determine minimum tax rates by the energy content of the fuel, and no longer by its volume, to ensure that the environmental impact of sustainable transport fuels is better taken into account.

Transport and logistics companies need appropriate incentives to make investments in low- and zero-carbon vehicles/vessels using sustainable alternative fuels. The revision of the ETD can be an important policy instrument to send the right pricing signals to channel investments towards low-emission energy sources for transport and logistics. CLECAT holds that any preferential tax treatment of transitional fossil fuels must have an end-date to avoid lock-in effects and delayed investments in zero-emission vehicles/vessels.



With this in mind, CLECAT largely supports the Commission proposal introducing a gradual taxation system favouring the most sustainable fuels and electricity, and the transitional fossil fuels being taxed at the same rate as conventional fuels by 2033. However, it remains important to avoid a future situation in which the conventional fuels are simply made more expensive by punitive tax treatment, without sufficient incentives for investments in clean vehicle/vessel technologies and respective fuel options, as well as better energy efficiency.

CLECAT welcomes the provision allowing for total or partial tax exemptions for electricity provided to vessels at berth (Article 15(5)). This could encourage vessel operators to increase the uptake of onshore power supply (OPS) before it becomes mandatory by 2030. A mandatory full tax exemption across all Member States would produce even better results. The lower the price of connecting, the higher the likelihood that vessel operators will opt for this clean solution. Alternatively, a more harmonised tax rate across the EU would ensure level playing field between EU ports.

The proposed revision however fails to support the business case for zero-emission trucks, by not allowing Member States to apply tax discounts for the renewable electricity used for charging HDVs. If sustainable fuels in shipping and aviation can benefit from a zero-tax rate during a period of ten years as proposed by the Commission, electricity used for recharging HDVs should benefit from a similar tax advantage. In addition, a review clause should be added to the Directive, to assess the need to prolong the ten-year tax exemption to these sustainable fuels.

- ***Amendment to the Renewable Energy Directive (RED II)***

The latest review of the RED II was a missed opportunity to put the right incentives in place for the uptake of renewable energy, either through electrification or sustainable alternative fuels and gases, especially for hard-to-abate transport modes. Enhanced and expanded measures under the RED II review could deliver a larger uptake of renewable energy in the transport and logistics sector across the EU.

Coupled with the overall 40% renewable energy target for 2030, the proposed increase of the renewable energy target in transport is welcomed, as a more ambitious target for renewable energy could help mainstream renewable and low-carbon fuels and speed up their commercial deployment in all transport modes. Switching to a carbon intensity reduction target for this sector is appreciated, as it would favour a technology neutral approach to reduce emissions and require fuel and electricity suppliers to decarbonise further their activities. The role of sustainable, synthetic and advanced bio- and renewable fuels and gases is recognised by the proposal, which would allow for further CO<sub>2</sub> emission reduction.

- ***Revision of the Energy Efficiency Directive (EED)***

In general, the EED has positively contributed to the overall energy system. CLECAT supports the European Commission's initiative to adjust the current legislation to bring it in line and meet the new 2030 EU climate target as the efficient use of energy is key to achieving such a target. Energy efficiency and demand flexibilization are key for the energy turnaround and therefore a high priority. High efficiency can be achieved through a multitude of measures, e.g. optimised operations and stronger



focus on life-cycle efficiency and circularity. However, it should be noted that diverging national implementation of the Directive is a major hurdle and has led to increased administrative burden and costs.

CLECAT welcomes the binding energy efficiency target proposed in the revision of the EED, but a uniform and harmonised approach by Member States would have been preferred, including binding national targets instead of indicative ones. Generally, the 'energy-efficiency-first'-principle is supported, but it should be taken into account that in a largely renewable world, the significance of energy efficiency is different than in the fossil-fuel world as temporal match of supply and demand, land use (e.g. suitable location of renewable energy source) and other parameters become more important. Therefore, the definition of efficiency may have to be adjusted and combined with use of renewable energies to ensure energy transition becomes as efficient as possible.

### **EU Carbon Border Adjustment Mechanism**

As outlined in its dedicated [position paper](#), CLECAT understands the rationale behind the EU Carbon Border Adjustment Mechanism (CBAM). It aims to support the EU's climate targets and protect EU businesses from environmental dumping and 'carbon leakage', which can undermine the EU's efforts when production is moved elsewhere to avoid EU carbon pricing. The instrument should, of course, achieve these goals in full compliance with EU's international trade commitments to avoid compromising global climate action dialogues, retaliation from trade partners, and disruption of global supply chains.

CLECAT believes that the CBAM proposal is located in a multi-stakeholder setting and will have a direct impact not only on cargo owners, but also on the intermediary sector. On the basis of the proposal, in certain cases, European customs representatives will be responsible for compliance with CBAM-related obligations, such as registration with Member States' competent authorities, filing CBAM declarations and surrendering CBAM certificates. It is therefore necessary for companies to assess existing risks and arrange their underlying contractual relations regarding the oversight of CBAM compliance, although contractual arrangements cannot fully address potential risks.

It is also crucial that national authorities recognise the role of intermediaries when it comes to compliance with CBAM obligations. Responsibilities and potential liability of different stakeholders need to be proportionate to their role and their ability to verify the data provided. In that regard, referring to 'authorised importer', rather than to 'declarant', would have better reflected the different roles and responsibilities of the different stakeholders in terms of being able to determine embedded emissions.

As the scope of CBAM will determine the associated administrative and financial burden for businesses, there is a need to provide as much stability and predictability as possible regarding the products covered, especially during the transition period. A potential extension of the scope to include semi or finished products will further increase complexity and risks for customs representatives. It is crucial to allow all parties involved to build up the necessary administrative capacities and ensure a smooth transition process. In this context, it is also important that compliance with CBAM obligations is based on digital rather than paper reporting.

Notably, the proposal allows Member States to choose between imposing administrative or criminal charges in case of non-compliance with CBAM obligations. However, CLECAT stresses that a uniform sanctions regime must be established among Member States to ensure certainty and predictability for businesses on a level-playing field.

According to the proposal, the annual CBAM declaration must indicate the emissions that are embedded in goods released for free circulation in the EU. The use of customs suspension regimes will therefore influence the number of emissions that needs to be reported, making the calculation and reporting process even more complex. Therefore, authorities must ensure that related formalities and procedures are clearly defined and well-communicated. Additionally, specific attention needs to be given to the so-called 'returned goods', where clear identification and reporting processes will be necessary to ensure that EU goods are not taxed twice for their CO<sub>2</sub> footprint upon return to the EU.

CLECAT urges for a meaningful dialogue among all relevant stakeholders during the legislative process and subsequent implementation, where existing concerns and outstanding questions should be duly addressed.