

## POSITION PAPER

### CountEmissions EU: setting out a common framework on transport-related greenhouse gas emissions

The European Commission has set bold climate targets in the European Green Deal with the ambition for Europe to become the first climate-neutral continent in the world by 2050. 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, the European Association for Forwarding, Transport, Logistics and Customs Services, is of the view that much can be achieved to support the transport and logistics sector to reduce its emissions but only with the correct market-based and supportive instruments. We consider that the time is right for the development of a **single EU framework for monitoring and calculating GHG emissions data** of transport operations/services in freight and passenger sectors.

As CLECAT members, operate at EU and global level, utilising all modes of transport, including road, rail, air, maritime and inland waterways, as well as intermodal solutions, the EU framework for monitoring and calculating GHG emissions data of transport operations/ services in freight and passenger sectors should acknowledge the **global nature of the transport industry** and **not deviate from the upcoming ISO 14083**.

The development of a European harmonised carbon footprint tool should ideally support companies, service providers and users in making **informed decisions on their transport choices** and needs as it would enable transport operators to accurately calculate, monitor and compare their emissions giving transport users an estimate of the carbon footprint for their different transport and delivery options. CLECAT therefore supports the CountEmissions EU initiative which seeks to establish a level playing field for GHG emissions accounting in the transport and logistics sectors to facilitate behaviour change.

CLECAT calls in particular attention for the following points:

- The upcoming initiative should recognise that great collaborative efforts have taken place in the last decade and have led to broad consensus on the core principles of GHG emission accounting and reporting for freight as expressed in the **GLEC Framework** and the upcoming **ISO 14083**. We encourage the Commission to build on these existing methodologies and adopt their core principles to ensure acceptance and harmonisation in the market.
- The reporting of logistics emissions accounting should remain for the coming years a **voluntary initiative** to allow the industry to get to grips with the international/ISO standard which will need further guidance for implementation by the sector. Any early legislation should set reasonable expectations towards the sector and encourage companies to engage in GHG emission accounting. The legislators should therefore take a **step-by-step approach in mandating the reporting of GHG emissions**: large companies which are already using their

proper tools to calculate emissions could be obliged to report their emissions in the first place. SMEs should receive support to support for **user friendly tools for measuring and reducing emissions**, using climate commitments and actions as a value proposition to customers.

- Ultimately, to achieve accurate reporting of GHG emissions, the ambition should be to **move from default to real primary data**. The reliability of the data, especially real data, is particularly important when it comes to issues relating to modal shift and transport decisions based on GHG emissions performance as this could be used in possible EU or national support schemes. For this reason, the data used for GHG calculation should be as close as possible to real data, and encompass a well-to-wheel approach, so as to better reflect GHG emissions across the supply chain.

## **Background**

Sustainability criteria will increasingly become a condition for forwarders to be able to become the suppliers of any customer in the future. The main driving force behind measuring efforts of service providers is to respond to customers seeking information on emission reductions. Today, many of CLECAT's member companies – representing freight forwarders and logistics services providers - are seeking to assume greater responsibility for the environmental sustainability of their supply chains.

Given that logistics service providers, freight forwarders often have no transport assets of their own, their objective is to pursue an emissions reduction strategy which engages with many different sub-contractors as they are responsible for the large part of direct emissions. 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. This can be done by improving and accelerating logistics emissions calculation, reporting and verification.

## **Challenges:**

- ***Fragmentation of methodological approaches for GHG emissions calculation and sharing in transport and logistics***

There are currently different tools available on the market to perform carbon footprinting and carbon accounting. As a result, the outcomes of computations based on the different methodologies are likely to differ, creating an environment where the results are very difficult to compare. This supports the perception that carbon footprinting is complex and difficult to introduce, in particular for SMEs.

The challenge is to rely on calculation rules that cannot be disputed outside Europe, so that all companies adopt them regardless of their markets. It is therefore essential that any future European regulation should be aligned with an international standard.

- ***Limited uptake of emissions accounting in everyday business practice***

There is a constant increase in the uptake of GHG emission accounting practices within the freight industry, however, there are still parties that are less involved. There is still a widespread lack of knowledge over the impact of emission accounting which further initiatives should help overcome. Many companies, often SMEs, still need to develop their roadmaps and are seeking support to find the right programs or tools since customers tend to be mostly driven by costs in their commercial

decisions. Reporting seems to remain a challenge for companies because of the perception of complexities and confusion on tools and programmes.

➤ ***Emission factors***

Multiple default factors for energy or fuel intensity of transportation (potentially based on inconsistent calculation approaches) are recommended or used in different situations, leading to reduced transparency and consistency of emission calculations. It remains important to reach consensus on emission factors to be used in the calculation because there is a proliferation of potential sources due to a lack of harmonisation of methodology, assumptions and input data to the calculations.

**Voluntary initiatives: from LEARN to the Revised GLEC Framework**

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 and earlier Commission consultations and studies. CLECAT has been a project partner of the Logistics Emissions Accounting and Reduction Network project (LEARN) project, which aimed to mobilise businesses to reduce their carbon footprint across their global logistics supply chains by improving and accelerating logistics emissions calculation, reporting and verification.

Back in 2013, the Commission issued a report which supported a voluntary reporting scheme that favours the use of real-world data and a fixed methodology. Market development in the years following the publication of the report followed this approach, with the industry-led development of the Global Logistics Emissions Council (GLEC) Framework as the focus of a harmonised approach for logistics emissions accounting. The GLEC Framework for Logistics Emissions Methodologies was developed based on existing methods and aligned the methodological approach taken by existing tools, programs and initiatives, identifying and addressing gaps where necessary.

The following elements have proved to be important:

- The importance of acting at global level, not only for global modes such as air and sea transport, but actually aligning methodological approaches for all modes at global level.
- The difficulty for some companies in moving straight to a system that is based on real operational data without a transition mechanism being in place that supports them in the collection and transfer of data as well as protecting their commercial interests within the process.
- Acknowledgement that logistics carbon footprint calculations conducted for different reasons (corporate reporting vs operational efficiency improvement) or by organisations of different size and position in the supply chain will inevitably rely on input data with differing levels of granularity and accuracy.

**Setting up international standards**

The transport and logistic sector is an integral part in terms of facilitating international trade. This is why as a reference methodology, a global standard for the calculation of emissions of transport and logistics supply chains including all modes of transport should be adopted. CLECAT has supported the development of the ISO standard (ISO 14083:2022: Greenhouse gases — Quantification and reporting

of greenhouse gas emissions arising from transport chain operations) based on the GLEC Framework and in combination with a review of the existing European standard EN 16258 on calculation and declaration of energy consumption and GHG emissions of transport services.

EU Member States should determine gaps between own government-backed methodologies and the GLEC Framework and confirm processes and timelines for introducing modifications preferably in line with the updated CEN standard (EN16258) which again should be updated in line with the global standards.

### **User friendly solutions**

The facilitation of the uptake of GHG emissions accounting in business practices remains of key importance. Many of the and larger companies and corporations in Europe already have systems in place to measure emissions. It should be equally easy for SMEs to make use of calculators to understand their carbon footprint without having to incur high costs. The uptake of the measuring of GHG emissions should therefore be relatively simple at the first stage of introduction and can be improved over time, subject to the development of methods chosen. This would include technical support measures which would facilitate the use of GHG emissions accounting by stakeholders. This should involve developing simplified solutions and tools, especially for micro enterprises and SMEs, and specific software products and calculators. Ideally, the Commission could also support the development of a calculator for the benefit of SMEs. Governments could run information and awareness-raising campaign for shippers, LSPs and freight operators. This could be backed up by simple, recognised training offers on emissions accounting and reporting.

### **Moving from default to real-time/primary data**

In the context of the logistics emissions calculation, data exchange generally refers to the transfer or sharing of data between the operator of a transport service (carrier) and customer (cargo owner). A logistics service provider can take either role depending on whether they subcontract transport operations. The data in question may be default data taken from a published source, modelled data calculated to represent the specific transport service or real data based on measured values from one or more transport operations.

The objective is to facilitate and standardise data collection, handling, reporting and monitoring, with particular reference to data sensitivity issues. This will enable customers (LSPs and shippers) to obtain more specific, reliable (and potentially more detailed) data to calculate their carbon footprint for different freight modes and transshipment centres and create business value.

The reliability of the data, especially real data, is particularly important when it comes to issues relating to modal shift and transport decisions based on GHG emissions performance as this could be used in possible EU or national support schemes. For this reason, the data used for GHG calculation should be as close as possible to real data, and encompass a well-to-wheel approach, so as to better reflect GHG emissions across the supply chain.

Whereas the objective should be to move from default to real data, the calculation based on default data must be accepted in the first place. Ultimately the aim should be to achieve real-time and primary data to incentivise improvement at corridor level of different modes. To this end, the GLEC set of default factors that have been built on a broad range of existing sources, including factors developed

at global, regional or country-levels, and allocation criteria, whilst acknowledging and emphasising that default factors are a back-up option in the absence of fuel data.

### **Data collection and exchange**

Digitalisation and transparency are critical to understand the carbon footprint of logistics related activities. Ultimately companies need to have process in place for data collection and data exchange that facilitate an automated exchange of GHG logistics emissions. This requires systems in support of digital data collection and transfer technologies that will support the overall process. Currently, the reporting format, data transfer protocols and assurance requirements remain confusing for many companies. Harmonisation of the information format and transmission methods is therefore crucial. This will ultimately support companies in making business decisions in support of decarbonisation.

Requirements for effective data exchange across the transport chain are as follows:

- Data must be easily transferable from a carrier to customers/LSP and/or governments and supported by clear rules/protocols
- Type and depth of data should support the use by customers and/or governments while not compromising the carrier's commercial position
- Integration with existing platforms or ICT transfer systems in logistics
- Recognition of the role that the nature of the data input (e.g. own fleet data, carrier direct data, carrier data from programs, data from models/tools, default-factor based data) and level of detail (e.g. level of aggregation) can have on the type of decisions. This is a factor that must be borne in mind when relating reported emissions to their subsequent use.

The market should be allowed to provide the services that meet the specifications on the format of the required data and associated verification mechanism. CLECAT is of the view that there could be a role for eFTI platforms but as companies have different IT systems' levels of maturity and different levels of readiness to capture and exchange the necessary data, these companies should be able to use a third-party service or platform. Therefore, for any initiative from the Commission related to data collection and exchange, it is important to consider a sufficient transition period to allow for the uptake of eFTI systems by companies.

### **Verification**

Verification of results is needed, although mandatory certification for all would not be desirable. At this point, mandatory certification processes would bear too much compliance and administrative costs for businesses. Certification could be applied on a ladder level, on certain volumes and on certain company sizes, and should be made voluntary.

Verification becomes particularly important when companies receive special benefits which are based on the results of GHG emission calculations. It remains important that this would not create situations of distortion, in particular when it comes for incentive schemes for the uptake or support for combined transport.

Equally, CLECAT would not recommend the introduction of mandatory reporting in the first stage of the CountEmissions EU initiative. This could be the ultimate objective in the long-term, on the condition that it is based on a general international methodology (ISO 14083). The legislators should

therefore take a **step-by-step approach in mandating the reporting of GHG emissions**: large companies which are already using their proper tools to calculate emissions could be obliged to report their emissions in the first place. A review clause in the legislation (within 5 years of entry into force) could then mandate SMEs to apply these requirements once easily accessible tools are implemented and data exchange systems are fully operational.

### **Impact assessment**

A full impact assessment should be made on the possible impacts associated with compliance costs and administrative burden related to the adaptation, implementation, operation and maintenance of GHG accounting systems. This could include conduct or support surveys to establish business readiness for emissions reporting and assessment of the environment for operational changes to the sector that can contribute to GHG emission reductions.

### **Conclusions**

CLECAT supports the CountEmissions EU initiative initiated by the Commission with the goal to establish a genuine EU framework for harmonised calculation of transport and logistics emissions. Such framework should enable the provision of reliable and comparable information on the GHG intensity of individual transport services and facilitate the uptake of GHG emissions accounting in business practice.

CLECAT has contributed to the crowd-funding exercise for the development of the ISO 14083 standard which demonstrates the support from our sector for an internationally recognized standard. As the new standard embeds the principles and the content of the GLEC Framework, there is no doubt that companies will rely on the GLEC Framework as implementation guidelines for the ISO once it is published. Therefore, the ISO standard should remain the important standard for the EU.

In addition, this initiative would also be essential for the effectiveness of other EU legislations: an accurate measurement and reporting of GHG emissions from freight movement and logistics operations should be one of the main elements of the upcoming revision of the Combined Transport Directive, in order to support companies in making better-informed freight transportation decisions and overall increase the sustainability of the supply chain. Equally, the Commission should ensure a consistent approach in terms of data collection for transport in the framework of the revised Energy Efficiency Directive to ensure there is no ambiguity on the requirement on transport operators.

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

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