

POSITION PAPER

EU 'Fit for 55' package under the European Green Deal: overview of the freight forwarders' perspectives on the scheduled proposals

Introduction

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

CLECAT is fully supportive of the European Green Deal and its ambition to make Europe the first climate-neutral continent by 2050. CLECAT therefore responded to a series of public consultations throughout 2020 and early 2021, addressing the European Commission's plans to make the current climate and energy legislation fit for a more stringent 2030 emissions reduction target of net 55%, compared to 1990 levels, proposed under the EU Climate Target Plan.

In its 2021 Work Programme, the Commission has announced the schedule of the legislative initiatives envisioned for this year, relevant to the transport and logistics sector, which will be presented under the 'Fit for 55' package.

Building on the CLECAT responses to the public consultations on most of these initiatives, launched by the Commission to gather the views of stakeholders, this paper seeks to provide a comprehensive overview of European freight forwarders and logistics service providers' views on the scheduled proposals.

Key policy recommendations:

1. ETS revenues generated from the auctioning of transport emission allowances should be ringfenced.
2. Regulatory incentives are needed to accelerate the market uptake of greener and more sustainable solutions in transport and logistics, especially funding mechanisms for SMEs.
3. Any emission calculation and reporting scheme should be based on the global ISO standard (14083) for the quantification and reporting of GHG emissions.
4. Mandatory targets for Member States to roll-out the appropriate alternative fuels infrastructure regarding ZEV charging and refuelling stations as well as taking into account the need of bridging solutions such as LNG, HVO until market available alternatives are in place.
5. Ensuring WTO compatibility and a level-playing field when introducing the Carbon Border Adjustment Mechanism (CBAM) whilst preventing any trade barriers and avoiding burdensome border processes.

Deep Dive on the 'Fit for 55' initiatives relevant to CLECAT

- **Revision of the EU Emissions Trading System (ETS), including maritime, aviation and CORSIA, as well as a proposal for ETS as own resource**

CLECAT supports market-based measures to address emissions reductions in the transport sector. Whereas such incentives are needed to accelerate the market uptake of greener and more sustainable solutions in transport and logistics, a number of pre-conditions need to be met for the EU ETS to function as a fair and efficient tool, in view of incentivising real emissions reductions and helping transport to decarbonise, alongside more public and private investment in research, technological development and innovation.

As far as road transport is concerned, there is currently no official emissions calculation and reporting scheme at EU level. Notably, there is a reference within the Sustainable and Smart Mobility Strategy to a European framework to measure transport and logistics emissions. CLECAT holds that such a framework should be based on the upcoming global ISO standard (14083) for the quantification and reporting of GHG emissions of transport and logistics operations, respecting the full-cycle 'well-to-wheel' approach.

For the EU ETS to work in shipping, a harmonised emissions monitoring, reporting and verification (MRV) system is needed at European level. CLECAT therefore urges the European Parliament, the Member States and the Commission to decide on the final shape of the EU MRV Regulation as soon as possible.

Whereas global solutions may be preferable for shipping given its global nature, CLECAT recognises that the International Maritime Organisation (IMO) has made limited progress on agreeing any emissions reduction measures according to its initial GHG emissions reduction strategy. Overall, the IMO strategy's current target of at least 50% emissions reduction by 2050 clearly falls short of the climate-neutrality ambition of the EU. CLECAT is therefore of the view that action at EU level could be a driver of progress at the IMO, as it has been demonstrated in the past.

CLECAT is of the view that the ETS should not be limited to voyages within the EU, but also cover voyages between the EU and third countries. CLECAT believes that the EU ETS revenues generated from the auctioning of maritime transport emissions allowances should be ringfenced; they could be used to support research and development of low-carbon and zero-emissions mobility technologies and innovative shipping solutions. A part of revenues generated could also be used for climate change adaptation and carbon offsetting projects, in view of reducing the transport and logistics sector's impact on climate. CLECAT therefore supports the European Parliament's proposal of establishing an "Ocean Fund" under the ETS to fund research and development and the deployment of green fuels.

CLECAT would equally like to point out that all national and regional policies addressing aviation and maritime emissions must support and be carefully aligned with global regulations, such as CORSIA and MARPOL, to avoid double regulation on CO₂ emissions.

For aviation, the EU needs to put in place a coherent and long-term framework to secure innovative aviation technologies, operational (ATM) improvements, and the production and use of sustainable aviation fuels. CLECAT has particularly welcomed the "ReFuelEU Aviation" initiative to increase the production, deployment, and supply of affordable, high quality alternative sustainable fuels in Europe.

- **Revision of the Alternative Fuels Infrastructure Directive (AFID)**

The forthcoming review of AFID is an opportunity to improve the availability of charging and refuelling infrastructure for all modes of freight transport.

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 insufficient for bio CNG/LNG. 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 therefore holds that targets for the alternative fuels infrastructure development in different freight transport modes should be made mandatory for every Member State since the infrastructure that our members need must have a cross-border coverage. Turning the legislation into a Regulation would certainly support further harmonisation amongst Member States. The switch to electricity/alternative fuels will not be as successful if large differences remain in the infrastructure between Member States with respect to charging/refuelling stations, which will prevent companies from using alternatively fuelled vehicles, vessels and aircraft in international transport. In addition, the review of AFID should secure better incentives, for example through the Recovery and Resilience Facility according to the Recharge and Refuel flagship, to achieve those infrastructure targets in the Member States. In order to enable the energy transition in transport, new technologies must come with long-term investment certainty for end users. To generate successful market shift, regulatory incentive schemes must therefore focus on reliable long-term frameworks, meaning at least 10 years.

CLECAT believes that fossil fuels, such as CNG, LNG and LPG, can only be regarded as transition fuel. Whereas these fuels will remain necessary for long-haul transport in the near future, they are not a long-term solution. Moreover, electricity is included in the scope of the Directive, but only static charging is defined. Dynamic charging/electric road systems (ERS) should also be included in the scope of the Directive, as this is crucial for electrifying long-haul trucks as well as lighter vehicles.

Finally, the upcoming revision of the TEN-T Regulation is an opportunity to prioritise the development of refuelling and charging infrastructure along the TEN-T core network corridors. The development of a superfast-charging infrastructure or e-Highways would need the support of a reinforced electricity power grid, which can be dealt under the upcoming revision of the TEN-E Regulation. This would allow for the uptake of zero-emissions commercial vehicles by enabling zero-emissions long haul trips.

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

Transport and logistics companies need appropriate incentives to make investments in low- and zero-carbon vehicle/vessel and respective sustainable alternative fuels. The overdue revision of ETD is thus key in reviving the EU framework for taxation of energy products and electricity, which should send the right pricing signals to channel investments towards low-emission energy sources for transport and logistics. However, we must avoid the scenario in which the conventional fuels are simply made more expensive by punitive tax treatment, without creating sufficient incentives for investments in clean vehicle/vessel technologies and respective fuel options, as well as better energy efficiency.

CLECAT also holds that any preferential tax treatment of transitional fossil fuels, such as CNG, LNG and LPG, must have a clear end date to avoid lock-in effects and delayed investments in zero-emission vehicles/vessels.

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

The latest review of the RED II missed the opportunity to put the right incentives in place, hindering the further uptake of renewables, 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 therefore deliver a larger uptake of renewable energy in the transport and logistics sector across the EU.

CLECAT considers the support of alternative decarbonisation innovations next to battery technology important. The use of sustainable, synthetic and advanced bio- and renewable fuels and gases would allow for further CO₂ reductions in an integrated manner. The contribution of fuels that are expected to play a role to realise CO₂ reductions should also be recognised under the upcoming revisions of the CO₂ emission performance standards for light- and heavy-duty vehicles. Moreover, CLECAT has called on the Commission to develop the right policies through appropriate funding and regulatory incentives to scale-up the production and use of sustainable maritime/aviation fuels in the context of FuelEU Maritime and ReFuelEU Aviation initiatives.

With respect to the sub-target for renewable energy in transport within RED II, which currently stands at 14%, the impact assessment accompanying the 2030 Climate Target Plan has indicated that the share of renewable energy in transport would need to constitute around 24% in 2030. CLECAT maintains that 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.

- **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. 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 members would prefer a uniform and harmonized approach by Member States.

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. optimized operations and stronger focus on life-cycle efficiency and circularity. Generally, we support the energy efficiency first principle, however, 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.

- **Carbon Border Adjustment Mechanism (CBAM) and a proposal for CBAM as own resource**

Carbon Border Adjustments are a sensitive measure and CLECAT does at this point in time not take a



position neither for nor against it. Priority should be given to establishing well-functioning international carbon markets and a global carbon price in line with Article 6 of the Paris Agreement, which would eventually make a CBAM obsolete. However, if designed for the EU, a CBAM should be compatible with WTO and the avoidance of burdensome border processes are important conditions for CLECAT. A CBAM should be exclusively designed to advance climate objectives and not be misused as a tool to enhance protectionism, unjustifiable discrimination or trade restrictions. In addition, revenues generated should be used to boost support for the objectives of the Green Deal under the EU budget as also proposed by the European Parliament in its Resolution from March 2021.