Joint position paper on the EU Green Deal

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May 2021

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Road freight transport in line with the EU Green Deal

The green transition of the transport sector is a crucial and great challenge and a matter of urgency that needs actions from all parties such as legislators, energy sector, manufacturers and the logistics sector. However, it will not happen by itself. As the demand for freight transport in Europe is expected to grow substantially in the coming decades, it is essential to ensure that EU policies further incentivise the road transport sector to become a part of the solution in addressing the challenges created by climate change. With this paper, we wish to put forward our recommendations to achieve the aim of climate neutrality by 2050 laid down in the EU Green Deal, as well as the new target of reducing greenhouse gas emissions by at least 55% by 2030.

For over 20 years, the entire haulage sector has already worked hard to ensure safe and environmentally friendly transport by reducing air pollutant emissions and fuel consumption. Our companies are committed to further lowering greenhouse gas emissions to fight global warming.

One prerequisite for our companies to invest in new "green" technology is succeeding in fighting social dumping. With constant low market prices due to unfair competition, companies will face financial incapacity to participate in the green transition. Moreover, unforeseen events such as the shock of the COVID-19 pandemic that poses financial challenges to the sector needs to be taken into consideration.

Our sector considers itself as a driver to environmentally friendly transport in a holistic approach. To achieve the ambitious climate targets of the EU, the logistics sector will continue to optimise its processes to accelerate the efficiency of freight transport.

The road to climate neutrality is long and challenging, and the EU Climate Law sets an ambitious timeline emphasising the urgency. Meanwhile, we must recognise that the transition will not happen overnight. Therefore, policymakers also have to recognise the role of low-carbon-based fuels and fuels generated from non-fossile sources (for example green biofuels) in the short term. Transport companies are ready to take up energy-efficient zero-emission vehicles once these are market proved, ready for serial production and available for hauliers at competitive prices. For this reason, we encourage legislators to take a pragmatic approach and introduce appropriate economic incentives. These are necessary to fill the gap between current market prices and green solutions that might persist for a longer period while ensuring fair competition across borders. The sector is waiting for the European Commission's "Fit-for-55 Package" to give more details on the way forward. What the road freight sector needs most now is planning and investment security to implement the green transition.

1. Technology that enables the transition

To reach the climate targets and offer road freight hauliers the necessary plan and security, legislators should focus on the different types of road haulage markets that offer vehicle technology appropriate for them. As of now, battery-electric commercial vehicles (BEVs) appear more suitable for cities, local and regional markets, whereas hydrogen trucks would be more suitable for long-haul transport. However, in the long run, both technologies have the potential to be the backbone of long-haul operations. Nevertheless, it is evident that electric vehicles still cannot carry out specialised tasks such as delivering heavier loads in cities, for example sewage or crane trucks, for which we now rely on vehicles with combustion engines.

Moreover, attention should be paid to the CO_2 emissions caused by the production and disposal of each type of vehicles as well as the interaction with other economic sectors. The additional need for renewable energy has to be considered to evaluate the appropriateness of new technologies. Finally, an effective framework to defossilise all energy carriers (hydrogen, synthetic fuels and electricity) is needed to ensure that alternative fuels come from environmentally friendly sources.

Figure 1 illustrates the technologies that are being deployed in the different market sections with a focus on BEVs, hydrogen fuel cell vehicles (FCEVs) and gas trucks.

Different market sections / Technologies	BEV*	FCEV**	Gas truck***	
			LNG	CNG
Short haul: ■ Distance driven: 30,000 to 50,000 km p. a. ■ Market operations: <50 km ■ Daily distance driven: ~150 km	■ From 2021	■ From 2026		available
Medium haul: ■ Distance driven: 50,000 to 80,000 km p. a. ■ Market operations: 50 - 100 km ■ Daily distance driven: ~300 km	■ From 2021	■ From 2026	available	
Long haul: ■ Distance driven: 80,000 to 120,000 km p. a. ■ Market operations: >150 km ■ Daily distance driven: ~480 km	■ From 2025	■ From 2026	available	

Rather suitable Rather not suitable; Years describe the expected availability in large series.

**BEV – Battery-electric commercial vehicles*: BEVs have already been tested by customers in small series. The truck manufacturers have promised (large-scale) series production for 2021. These vehicles will initially be designed for distribution and regional transport. In the future, they will also be used in long-distance transport, although their suitability in practice remains unclear.

***FCEVs – Hydrogen fuel cell vehicles*: The commercial vehicle industry is working at full speed on the development of fuel cell trucks. Several manufacturers have announced the start of

series production from 2025. These vehicles can be used flexibly and with performance profiles similar to diesel trucks, thus meeting the requirements of the transport and logistics industry.

***Gas trucks: Liquefied natural gas (LNG) and compressed natural gas (CNG) trucks represent an immediately deployable alternative to diesel trucks, which already exists, is in use and has proven. LNG/CNG will continue to be part of the mix; provided production is from renewable sources. The addition of greenhouse-gas-neutral fuels such as biomethane (bio-LNG; bio-CNG)or green synthetic methane can further reduce climate-relevant CO_2 emissions.

Hydrogen combustion: Hydrogen can also be used in commercial vehicles in a hydrogen combustion engine. Conventional diesel engines can be transformed into climate-neutral hydrogen engines using new technologies. This emission-free combustion can be used for new developments as well as for retrofit solutions, without major changes to the basic engines and drive train. The advantages are high efficiency and power density, climate neutral and a positive ecological balance.

2. Further options for CO_2 reduction

Providing green energy supply, refuelling and charging infrastructure: The ramp-up of alternative fuel systems requires an EU-wide fuelling and charging infrastructure suitable for commercial vehicles, as well as sufficient renewable energy resources. Therefore, legislators must use the revision of the Alternative Fuels Infrastructure Directive (AFID) to make target values for the development of tank and charging infrastructures mandatory throughout the EU. Furthermore, the revision of the Renewable Energy Directive (RED II) and the Energy Taxation Directive must be designed in such a way that the increase of alternative fuels is supported by economically attractive energy prices.

Green hydrogen and e-fuels (Power-to-X): Hydrogen from renewable energy sources should be the only form of hydrogen to be used in the future to achieve climate neutrality. However, much hydrogen is still based on fossil fuels. Positively, the European Commission is pushing for hydrogen generated by electrolysis from green sources, for example, wind energy. We look forward to the availability of this technology and its operational feasibility as well as its economic viability being clearly indicated to the sector.

Synthetic fuels produced from renewable electricity (e-fuels) can make an important contribution to climate protection in transport, especially for the existing fleet. Fuels based on renewable-source-based electricity are also referred to as Power-to-X. However, sufficient availability of renewable energy at a competitive cost is essential for Power-to-X to become a feasible option.

E-Highways: Catenary technology is an interesting alternative to drive technology to further “green” transport. Together with BEV, this technology seems to offer a high potential for reducing greenhouse gas emissions. Moreover, investments to build up the infrastructure of “E-Highways” is rather moderate but would need public support. Tests and pilot project are ongoing and will deliver more information on how much this technology can contribute to climate goals and provide a business case for road haulage companies. As road freight transport is a cross-border business, the infrastructure for this technology would have to be

internationally harmonised and capable of being integrated into cross-border logistics. For the time being, this technology might have its merits for dedicated solutions such as for harbours, terminals or regular lines between two productions sites.

Alternative fuels infrastructure: A broad roll-out of more refuelling infrastructure for alternative fuels as well as recharging infrastructure is needed in Europe to bring about the green transition. Meanwhile, the ambitions of the EU must be in line with the everyday realities that operators in the road freight sector are dealing with. Being locked into costly energy and fuels solutions can come at a very high price for hauliers, other market players and ultimately the final consumer as well.

For the vast majority of hauliers, which are small- or medium-sized enterprises, the purchase of new trucks and vehicles represent a significant investment. Such investments need to be made with long-term economic stability in mind. Today, there is no viable business case for a haulier to invest in green alternatives, such as electric- or hydrogen-driven trucks. Therefore, it is imperative that:

- The alternative and more sustainable fuels are made economically attractive compared with traditional fossil fuels, so hauliers are given a real business incentive to go for the greener solutions.
- The transition is not to be rushed as the role of climate-neutral fuels such as biomethane, other sustainable biofuels and Power-to-X will still play an important role in the short, medium and even long terms.

Trailer and truck components: As a short-term measure to reduce climate relevant CO_2 emissions from road freight transport, the potential for optimising trailers and truck equipment components must be tapped as a matter of urgency, for example, through support programs for (automated) aerodynamic systems, electronic drive axles and software optimisation.

High-capacity vehicles (HCV): A low-hanging fruit is wider use of longer vehicles with higher capacity or the so-called eco-trucks. Being already used in some Member States, the cross-border use of such vehicles should be made possible. Increasing the use of HCVs is the fastest, simplest and most cost-effective way to reduce climate relevant CO_2 emissions from goods transport by road. Increasing the weights and dimensions for heavy-duty road freight vehicles within the EU will bring down fuel consumption and reduce emissions per unit of cargo transported. Wider use of eco-trucks in the EU will, depending on the vehicle combination used and deployment rate, help reduce the number of trucks on European roads by up to 35% while reducing up to 30% in CO_2 emissions. Reducing the number of trucks needed to transport the same load also contributes to addressing the challenge of driver shortage in the sector.

We do recognise that there are differences within the EU, and therefore, Member States must retain the possibility of having higher weights and dimensions for national transports. Nevertheless, we call for an EU-level approach of at least 44 tonnes for vehicles appropriately suited for this purpose.

Euro VII: The current Euro VI standard has already led to significant improvements, cleaner engines and better air quality. While the development of the earlier euro standards led to major improvements, the potential benefits of a new Euro 7 standard are very limited as the curve is

flattening out. With a new EU climate law, we believe that the focus should rather be put on existing policies such as the roll-out of green infrastructure, support for long-term investments in cleaner vehicles and support for HCV.

Emissions trading system (ETS): Any expansion of the ETS must act in synergy with other EU and national policies. The transport sector is already subject to taxation, and it is, therefore, essential to avoid double taxation that would unfairly hurt the transport operators. Instead, attention should be given to measures that are more fitted to reduce and remove emissions permanently, such as the upcoming revisions of the Energy Taxation Directive and the AFID. We welcome a thorough examination of the issue and encourage that the solutions and policies already at hand are prioritised.

Energy taxation: The market for energy products for the transport sector has to be competitive and leave room for several green options such as gas, hydrogen, e-fuels, biofuels and electrified mobility including batteries, without binding the market to one specific technology or fuel type. The upcoming revision of the Energy Taxation Directive provides an important opportunity to address these issues. Concretely, the following measures can be considered in the upcoming review:

- To ensure broad uptake of low-carbon/fossile fuel free alternative technical solutions and fuels, their higher purchase price must be compensated by incentives to ensure rapid returns of investment.
- Low-carbon/fossile fuel free trucks are currently available at significantly higher purchase price compared to diesel engine trucks. If the green transition is to be fully promoted, this barrier needs to be removed by investment and financial support for the purchase of low-carbon vehicles.
- Moreover, it will be important to address the depreciation of existing vehicles by giving hauliers sound economic incentives to replace their fleet with low-carbon/fossile fuel free trucks and counteract a devaluation of the existing diesel fleets through appropriate measures.

3. Additional policy measures

The capital commitment for existing truck fleets in companies in the logistics sector is high. To make the transition to climate-neutral trucks economically viable and create incentives, a government support package consisting of various instruments is needed. These include purchase bonuses or incentives amounting to at least 80% of the additional investment costs (for alternative drive systems, trailers and components), special depreciation allowances, toll exemptions or concessions, and support measures to renew the existing infrastructure in the companies (e.g. company filling stations).

A just transition: This paper covers new technologies to green transport with their advantages and disadvantages. In this development, we do not want to forget the social aspects. Indeed, in the European Commission's communication on the Strategy for Sustainable and Smart Mobility, it is written as necessary "to keep high-skilled workforce in Europe, protect workers' rights and ensure that the green and digital transitions are just and inclusive by putting people

first." We need European policies to address all evolutions that are reshaping the road transport sector. New essential skills must be identified regarding the introduction of new technologies, and employers must be helped contribute to educating their workforce for the jobs of the future.

Access to cities: We fully recognise the need to ensure cleaner air in cities. However, this must not come at the expense of logistics and our sector's ability to access cities and deliver goods and services. It is essential to ensure that trucks and special sized vehicles can continue to access and operate. Machinery and elements for the building sector will still need to be delivered—also in cities. Today, this cannot be done only by electrically fuelled light vehicles. It is thus important that future EU policies take a balanced approach looking at how to improve air quality on a bigger cross-border scale than these very local initiatives. Such policies must recognise that trucks and bigger vehicles relying on fossil-based fuels will continue to play a role in delivering goods in cities. We need a pragmatic approach that takes into consideration the interests of all concerned parties accessing urban areas.

Combined transport: European road-rail combined transport remains an opportunity to improve mode-neutrality when the distance to be covered is longer than 300 km. Moreover, we believe that well-functioning intermodal transport requires improvements such as extensive standardisation and development of digitalisation, notably to reduce the administrative burden of combined transport. The European Commission has made 2021 the European year of rail to promote sustainable mobility. This should also be seen as an opportunity for road haulage when promoting combined transport and road should be seen as a partner in the European year of rail.

Moreover, it is regrettable to find once again the old-fashioned reference to shifting freight carried today by road to rail and inland waterways. This blatantly fails to recognise the pivotal role that commercial road transport is playing in delivering goods in Europe; not least during the COVID-19 pandemic. We thus encourage the EU decision-makers to keep the focus on "multimodal cooperation".

Conclusions

- Our contribution to the greening of transport: Road haulage is key to EU transport policy as a whole accounting for 70% of the transported goods in the EU and is committed to contributing to greening transport. Over the past 20 years, our road goods transport SMEs already made important contributions to sustainability.
- Planning and investment security: What the road freight sector needs most now is planning and investment security to implement the green transition.
- Incentives are essential: Funding must support measures and investments in new technologies and alternative fuels to fill the gap between current market prices and green solutions. The Green Deal strategy should guarantee a competitive and attractive future for our companies and unburden them to make the transition a success.
- Availability of alternative fuels and adequate infrastructure: Transport operators must have the opportunity to choose the alternative fuels that are best for them, and it has to follow the development of the tank and charging infrastructures throughout the EU.
- Open to modal cooperation: We consider "modal shift" objectives as outdated but we are, of course, already cooperating with other modes on an equal footing.
- The review of energy taxation: It should support the uptake of all sustainable clean fuels.
- Digitalisation is an additional instrument to meet the Green Deal objectives: Digitalisation will optimise transportation and infrastructures that can be used in a better way.
- High-capacity vehicles to be supported: We see a dynamic evolution with longer and HCV. Diverging national solutions should be avoided as they could hamper the functioning of the internal market by impeding cross-border mobility.
- No patchwork of urban access: Creating cleaner cities is an important task. However, this must not come at the expense of logistics and our sector's ability to access cities and deliver goods and services. Future EU policies should take a balanced approach looking at how to improve air quality on a bigger cross-border scale rather than more local initiatives.
- Social aspects associated with a fair transition: Finally, innovation would lead to changes in working conditions and a need for new skills. This social aspect of technological developments must be sufficiently dealt with as to ensure adequate working conditions and training to acquire new competencies.

Bundesverband Güterkraftverkehr Logistik und Entsorgung e.V. (BGL) is the leading association of road haulage, logistics and disposal in Germany with 7,000 affiliated member companies.

Fédération Nationale des Transports Routiers (FNTR) is the leading association of road haulage in France with 5,000 member companies.

Nordic Logistics Association (NLA) is the joint Brussels representation of the leading road haulage associations in the Nordics representing around 17,000 member companies in Sweden: Sveriges Åkeriföretag (SÅ); Denmark: Dansk Transport og Logistik (DTL); and Norway: Norges Lastebileier-Forbund (NLF) in close cooperation with its associated member Finnish Transport and Logistics (SKAL).

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