

## VIEWS AND EXPERIENCES ON URBAN FREIGHT MOBILITY

**Contribution to the study on Urban Freight Transport of MDS Transmodal Ltd and the Centro di Ricerca per il Trasporto e la Logistica (Sapienza University, Rome)**

**4 July 2011**

The European Express Association (EEA) represents the interests at European level of the world's leading integrators: DHL Express, FedEx Express, TNT Express and United Parcel Service, as well as national express associations.

The express industry specialises in time-definite, reliable express transportation services for documents, parcels and freight, revolutionising the way companies do business worldwide. It allows European business to rely on predictable, expeditious delivery and collection of shipments, thereby enabling them to attain and maintain global competitiveness.

The express industry is a fast-growing business sector, which not only provides vital services for the European economy, but which also plays a crucial role in making the global marketplace a reality. The express industry employs over 250,000 people across the EU and supports a further 175,000 indirect jobs in Europe through the supply-chain.

Regarding urban freight mobility, the EEA would especially like to highlight the following points:

- **The express industry's activity is vital to inner-city economies (which are largely SME-based).**
- **The growth of e-Commerce increases urban deliveries, but also presents advantages, such as the reduction of congestion through less individual shopping by car. However, express companies need to manage the resulting volume growth in deliveries.**
- **Due to its specific business model, the express industry already optimises its pick-up and delivery route planning and operates in a very efficient way compared to most freight transport operators within city centers.**
- **Congestion and road safety issues both hinder the efficiency and effectiveness of the express industry's operations. The express industry therefore encourages all measures that can reduce congestion and improve road safety, provided that they are put in place after a prior impact assessment and after consultation of all stakeholders including the express industry.**
- **Given the importance of the express industry for the viability of inner cities, such measures should improve accessibility of and mobility within town centers at reasonable costs for the operations of the express industry (for example, by allowing our vans to use bus, taxi and carpool lanes).**
- **The multiplication of divergent local city access restriction rules in the same region could create new trade barriers at local level. The EEA strongly supports coordination of urban freight transport policies and encourages cities to follow guidance materials for implementing and assessing city logistics plans.**
- **An efficient city logistics plan goes hand in hand with effective communications. It should**

therefore include a comprehensive information resource, offering publicly available, updated information on the city logistics plan. This ‘single window’ could also allow interactive vehicle registration and the payment of access charges if applicable.

- To achieve realistic, sustainable and effective urban transport policies, it is crucial to involve all freight transport operators, including express, in a consultative process prior to the adoption of any city logistics plan. The advisory group of stakeholders should regularly review new developments of the city logistics policy and accordingly recommend actions to enhance city logistics efficiency.

Since 2007 the EEA is engaged in the stakeholder dialogue on urban transport mobility with the European Commission. While recognising the importance of the subsidiarity principle, the EEA believes in the added-value of the European Commission’s action on urban freight mobility. There is especially a role for the Commission to promote best practices and stimulate dialogue between cities and regions. Within Member States, national express associations are also very active in promoting efficient solutions at a case-by-case level.

Express operators are mode-neutral. This means that they use any transport mode as long as it meets their customers’ requirements for service, reliability and cost. Vans and smaller trucks are often best suited to provide efficient and timely pick-up and delivery services in city centres.

**Express operators already make great efforts to decrease the environmental impact of their urban operations, for example by:**

- Purchasing vehicles driven by alternative fuels, like electricity;
- Purchasing vehicles with fuel efficient engines and streamlined bodywork;
- Optimising loading of vehicles - thereby avoiding the need for additional vehicles;
- Applying route optimisation - in some cases done on a daily or real-time basis;
- Using IT-based solutions (GPS, RFID...);
- Using bicycles;
- Training to Eco-driving.

## Political choice for ‘quick win’ solutions improving urban pick-up and deliveries

Road transport efficiency in city centres could be further enhanced - while reducing its overall negative environmental impact – in the presence of more **safe and legal loading facilities**. Due to its specific business model, the express industry could also benefit, but only to a limited extent, from **special arrangements for out-of-hours deliveries**. In general, for these services, a more flexible regime should be established in close co-operation with customers (for instance retailers) and local authorities.

While **urban consolidation centres** can help towards more sustainable urban ‘regular’ freight activities and can prove helpful for certain types of deliveries (for instance a shopping centre), the model can only be applied when the following conditions are met. Consolidation centres should **not disrupt free competition** and should be **voluntary and established only in collaboration with the transport and express industry**. Express services are generally not suitable for urban consolidation centres, as they

would disrupt their operations and their underlying principle of time-definite and high-quality delivery. **Express operations are already consolidated.** Pick-up and delivery routing is organised jointly and in an optimised way, based on the 'bundling' principle. Express operators guarantee delivery of complex goods (highly valuable, etc), which cannot be dealt with at urban consolidation centres.

Local authorities should **facilitate and support the implementation of innovative sustainable freight transport solutions in city centres.** For instance, with the development of dedicated lanes for collective transport, electric or low-emissions delivery vehicles could be allowed to use those lanes as it is already the case in some EU cities.

### **Good practice - Recognition of the role of logistics activities in the urban development plan (Plan local d'urbanisme - PLU) (Paris, France)**

In 2006 the City of Paris decided to introduce freight orientations into its new urban development plan (PLU) to an extent that has not been reached by another French city (and few European cities).

The new PLU indeed organizes the building requirements for delivery areas within new commercial or industrial buildings.

- There is an obligation to set aside a delivery area on private land when constructing shops with a floor area of over 500m<sup>2</sup>, hotels with over 150 rooms, offices with floor over 2.500 m<sup>2</sup>, and warehouses irrespective of surface area.
- Another major content of the PLU aims at preserving a range of rail waterway transport sites within Paris, and to locate logistics activities on them.

This initiative is considered to be a good practice in urban freight policy, because it tackles structural long term changes in urban land uses which can have large scale effects on freight flow in the future.

It seems that the integration of logistics into an urban development plan could be transferrable to other European cities meeting the following conditions: strong political commitment, strong cooperation between the private and public sectors, availability of space that can be dedicated to logistics activities (brownfields and former industrial zones, under-used freight train stations or commercial ports).

Urban planning and city logistics should be conceived and developed jointly. For example, local authorities should secure sufficient loading and unloading areas in city centers and consider the establishment of a network of pick-up and drop-off points for documents/parcels in central locations (e.g. metro stations and malls) which could be shared between several providers.

Should they adopt city access restrictions, cities should follow harmonised guidance materials indicating criteria to consider, impact to assess, etc. In assessing implementation, they should follow an evaluation framework, key indicators, monetary valuation parameters, minimum data requirements and methodological guidance. For example, such guidance can include how to conduct surveys and consultation exercises.

### Good practice - Environmental zones in the Netherlands

In 2006, the government (the Ministry of Environment, the Ministry of Transport and a number of municipalities) and the transport and shippers industry signed the Covenant on environmental zones for transport vehicles in urban areas. The Covenant gave clarity about the following issues:

- Definition of an environmental zone;
- Scope: only trucks weighing more than 3500 kilograms;
- Entry criteria;
- Exemption possibilities;
- How business needs should be addressed.

The Covenant partners jointly committed to the implementation of additional measures such as the update of the local municipal fleet, clean public transport and the encouragement of efficient urban distribution.

So far 11 Dutch cities have introduced environmental zones in their city centres. To be categorised as 'clean', diesel vehicles weighing over 3,500 kg must comply with the Euro 3 emission standard or higher. Municipalities that have signed the Covenant cannot just randomly set up environmental zones. The agreement provides a roadmap that municipalities must first go through before a decision can be made. The roadmap is a first analysis of the municipality where air quality standards are exceeded, and should determine causes for non compliance. If an environmental zone is proved to be the most effective measure, the municipality can set up such a zone. Besides establishing an environmental zone, a municipality could, in consultation with carriers, shippers and retailers, provide a broader range of measures for faster, cleaner and more efficient freight transport. This would include:

- Mapping urban distribution issues;
- Setting up logistical routes;
- Widening time windows to improve the receipt of goods by the retailers.

Urban charging systems could reduce congestion in city centres. However it is important that these systems are applied in a transparent way and after discussion with all stakeholders. **In this respect, particular attention should be paid to transport operators, who, like express companies, must access city centres for their business and therefore help sustain economic dynamism of inner cities.** Moreover, all road users should be treated equally and revenues should be strictly earmarked to improve urban mobility for passengers and goods and to develop infrastructures and traffic management systems. There should be different charge levels depending on the environmental friendliness of the vehicles, for instance based on the Euro class, the capacity utilisation and the noise level of the vehicles. Having lower charges or no charge for the greenest vehicles would be an incentive to invest in greener vehicles. The payment systems in place should be electronic and comply with the European Electronic Toll Service (EETS) as provided in Directive 2010/40/EU, Directive 2004/52/EC and Commission Decision 2009/750/EC to ensure interoperability of the systems and avoid technical bottlenecks.

### Benefits and limits of technologies

**As technology improves and greener vehicles enter the market, carbon efficiency of road transport is set to improve.** In the medium/long-term, electric vehicle technology could particularly benefit LCV fleets providing short-haul trucking and delivery services.

The emphasis on cycling, electric vehicles and charging points can however lead to an erosion of loading areas for freight operators. The express industry would therefore encourage impact assessments to be undertaken before road use is changed to accommodate these policy pushes.

However, new transport technologies come at a price. **Greener vehicles are much more expensive than conventional vehicles, which considerably limits their rapid deployment and positive impact on the environment. It takes a number of years (about five) for fuel consumption savings to offset initial investment.** The onus is on manufacturers to tailor these technologies to the logistics industry to generate market demand.

In addition, incentives should be available for users of clean and energy efficient vehicles. **Incentives could be in kind (such as longer period of access into the city center) or financial (such as tax rebates).** These vehicles should be reliable, high-performing but also affordable. Pilot programmes or subsidies would encourage users to shift to clean and energy efficient technologies. Research should be promoted in order to develop available and reliable technology at a reasonable price for operators.

#### **Good practice – The Chronopost Concorde Urban Logistic Space using Electric Vehicles for final delivery (Paris, France)**

Chronopost Concorde is an innovative organization of parcel deliveries in the 7th and 8th *arrondissements* of Paris using, clean delivery vehicles as well as an Urban Logistics Space (ULS). Chronopost Concorde is a good example of the Urban space policy of Paris.

This seems to be a policy that is transferable to any large city provided it owns or regulates the use of urban car parking public facilities.

Experiments of Urban Logistics Spaces such as Chronopost Concorde seems to be transferable to another city meeting the following conditions: strong political commitment, strong cooperation between the private and the public sectors, ability to provide convenient-located logistics areas with minimum size and safety standards, willingness to set a low level of rent.

There are also some **regulatory obstacles** to the development of greener vehicles. For instance, due to the weight of the batteries electric vans are very often heavier than 3.5t. The driver must to get a specific training to obtain a truck **driving licence**. There is however no safety reason to justify it for pick-up and delivery operations in city centers. This situation leads to difficulties in recruiting qualified drivers. Exemptions and/or revision of the legislation are required to remove those regulatory burdens.

#### **Regulatory burdens – The example of driving licenses for electric trucks (France)**

In France, article R 312-4 of the Highway Code provides that up to 1 tonne, the battery weight is not taken into account in the calculation of an EV's net weight (empty) in order not to penalise its load capacity.

The rule is that vehicles with a gross weight above 3500 kg require a category C driving license. This obligation raises at least two types of problems when it comes to the EVs used for urban deliveries:

- Difficulty to recruit heavy good vehicle license holders willing to drive vans.
- Urban delivery/urban logistics implies a direct contact with clients and therefore to be customer-oriented, something lorry drivers are not necessarily exposed to.

In France, only certain trucks (Renault Maxity) have received an exemption. Express couriers have repeatedly

argued that the 3500 kg gross weight limit is irrelevant when it comes to electric vehicles whose batteries are extremely heavy. The vehicles' structure must be robust enough to bear the weight of the battery, hence a heavy structure.

Granting this exemption would be a positive signal sent to the express industry to encourage investments in electric vehicles.

Aside vehicles technologies, the EU should promote and enhance the use of innovative transport systems for traffic management and traveller support, including solutions based upon satellite applications/ GALILEO.

Especially, **traffic management communication technology** should be promoted to enable improved interactive communication with municipal traffic directing centres - preferably in real time. As an example of this, trucks would be able to register to use specific loading zones or react in a timely manner to a sudden disruption of access. This would be possible through the concerted linkage of new vehicular technologies with innovative approaches in logistics and traffic management.

The EU should ensure **interoperability of ITS devices** across its Member States to avoid technological burdens. Member States and/or local authorities should establish platforms involving all stakeholders to pilot urban transport projects with ITS solutions. After a decade of research and development, time has come for a **quick market implementation of ITS solutions**.

## Dialogue is essential for efficient policy

Express operators try to operate sustainable urban freight logistics solutions.

However, they could do **much better if urban freight logistics operators were involved in the overall debate on urban transport and mobility**. Local authorities too often do not take into account and/or do not understand the needs of urban freight, logistics and delivery services when establishing their urban transport and mobility policy.

Freight transport operators should therefore be invited to working groups debating transport and mobility in urban areas. Today they try to do the best out of urban transport policies that are imposed on them, without prior involvement in the consultation processes. The objective should be to have them **involved pro-actively and not only reactively**.

### Good practice - Consultation for achieving the best load factor practices and promoting the gradual introduction of the best available environmental technologies against local pollution (Parma and Rome, Italy)

Beyond the need to address climate change, air quality in Italian cities has become a cause for concern. Another issue to be addressed in Italy is the low load factor of most urban transport deliveries.

In 2009, the City of Parma decided to tackle local pollution issues (NOx, PM10, CO) by introducing road traffic exemptions in favour of less polluting vehicles. After a comprehensive consultation process involving trade unions, industry and citizens, the City decided to reward the most efficient operators, while also challenging them to increasingly improve their environmental performance. Express couriers demonstrated their very high load factor practices and signed an agreement with the Parma City Hall that acknowledged the efforts of express operators' practices (by granting them exemptions to access Limited Traffic Zones), while giving them two years to convert their entire fleet into Euro 4 or Euro 5 CNG-fuelled vans.

This is to be seen as part of Parma's decision to strongly promote economically viable, available technologies such as LPG and CNG. Electric or dual-hybrid vehicles are also encouraged for early adopters.

In the wake of Parma, the City of Rome also decided to adapt its Limited Traffic Zones following a similar rationale. Several trade unions and citizens' representatives are taking part in consultation meetings that will result in new freight traffic regulations. Rome will gradually introduce exemptions for operators with the best load factor practices, while promoting the gradual introduction of the best available technologies against local pollution.

This wide consultation and gradual fleet update approach is considered to be a good practice in urban freight policy, because it expects to lead to mid-short term changes in urban land uses while providing important bases long term changes.

### **Good practice – Ambassador Urban Distribution (The Netherlands)**

Between 2005 and 2008, The Netherlands had a national Committee for Urban Distribution. The activities of the Committee have led to more cooperation between municipalities, regions and provinces. The independent role of the Committee has had a positive influence and led to more cooperation, but attention to the need of cooperation remains necessary. From January 2009 a special Ambassador for Urban Distribution has been installed whose primary task it is to continue and stimulate adequate urban supply in combination with a vital economy and health conditions (air quality, safety, etc.) in city centres. The Ambassador Urban Distribution represents the interests of users of urban centres, including the residents, shoppers, traders, transporters and the municipality. He brings people together, promotes cooperation and he connects people to the theme of urban distribution.

His main activities are:

- Propagating various ideas to improve urban distribution;
- Advising and informing on developments concerning urban distribution and an appropriate approach;
- Mediating between government and industry on urban distribution policy measures.

Transport operators should therefore be involved from the start in order to explain to policy makers and other stakeholders their business and how they handle their transport operations. In this respect, good cooperation and a structured dialogue framework in the form of a “*Freight Partnership*” is already in place in some urban areas (e.g. in Paris and London). Having a logistics/freight transport development officer in municipalities also helps locally to oversee the development of urban freight strategies and to liaise with industry.

Local certification programmes like the Freight Operator Recognition Scheme in London could encourage better delivery practices by benchmarking activities such as penalty control notices, environmental policy and health and safety measures.

The urban mobility challenge could only be tackled when all stakeholders work together and are consulted. In urban projects, the emphasis is often on passenger transport. A European Observatory on Urban Mobility might be useful to foster cooperation. It should have an active role in bringing together stakeholders and listing ongoing issues. Extensive research should back their positions, effectively turning the observatory into a knowledge centre.

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