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A Sustainable Single European Transport Area Key elements to fully unlock the potential for transitioning to a green economy

Introduction

With the EU Green Deal, the European Union is committed to paving the way to a more sustainable world. The express sector is reaffirming our commitment to this goal. EEA member companies use different modes of transport depending on the needs and requirements of their customers. The transportation of goods by air and road is therefore of key importance for our supply chain and a crucial instrument for EU economic growth and competitiveness.

In the context of the ongoing Covid-19 pandemic, the essential role of our industry has been recognised, as express delivery services ensured that time-critical shipments such as medical supplies, personal protective equipment and vaccines, but also pieces for urgent repairs or inputs into global supply chains, reached their destinations in a safe and timely fashion. As EU Member States recommended or required their citizens to stay home to prevent the spread of the virus, the critical contribution of our sector to e-commerce, manufacturers and consumers was further emphasised.

The EEA supports the European Union's ambition to reduce carbon emissions by 55% by 2030. We hence welcome the Fit for 55 Package proposals although we see areas where increased efficiency can be achieved. It is of the utmost importance that a coherence is seen across the various proposals in the package and the cumulative financial impacts assessed. We would like to share our thoughts on specific proposals below.

Renewable Energy Directive (RED III)

In relation to the availability of feedstock/bio stock, a sufficiently high level of availability and eligibility while respecting high sustainability criteria is crucial to enable the transition towards cleaner transport; this includes fuels from waste and residue feedstocks (apart from forest waste). We encourage the credit system for renewable electricity to also include commercial charging. We support the inclusion of RFNBOs in the RED framework; we suggest book and claim to be used for sustainable fuels in all transport modes.

The EEA would also welcome an increase of the multiplier for aviation in the recast Renewable Energy Directive (RED) since we believe that a multiplier of 1.2 is insufficient to encourage SAF producers to move into the expensive and challenging SAF field. A multiplier above that level is necessary to create an investable business case for SAF production units, based on current commercially available technology, and to show investors certainty of product offtake. Whatever the final level, it is essential that individual States are urged to apply that multiplier, otherwise the desired potential incentives will be lost.

1. Aviation

Aviation is a vital part of the operations of the EEA members. Operating their own all-cargo fleet, express carriers play a critical role for the international supply chain of the European industry and manufacturers base, and heavily contribute to their ability to compete at international level.

RefuelEU Aviation

Aside of airlines' investment in more fuel efficient aircraft and the implementation of fuel efficiency management approaches both in the air and on the ground, the short-term key element for reducing emissions in the aviation sector is Sustainable Aviation Fuel (SAF), in the absence of clean aviation technology at the present stage. EEA therefore highly welcomes the Commission's RefuelEU Aviation proposal.

SAF indeed offer significant potential to immediately reduce greenhouse gas (GHG) emissions in aviation while alternative propulsion options such as hybrid electric or hydrogen engines are not available in the short or medium term.

The uptake of SAF by airlines however remains very limited particularly due to its lack of adequate capacity supply and high cost relative to conventional aviation fuel. We therefore support policy measures that set the conditions to quickly scale up both SAF production and market uptake in the EU (as well as globally) and that create a marketplace that will allow airlines to have access to commercially viable sustainable alternative fuels.

It is also imperative that the EU policy focus on boosting the SAF supply will follow the highest sustainability standards. As provided for in the ReFuelEU Aviation proposal, competition with food and feed supply both in terms of land use and the fuel base used must indeed be avoided, together with other negative impacts such as deforestation.

To achieve these goals, the EEA is calling for:

- Public funding for production sites as well as incentives to reduce OPEX costs for operators (e.g. through Carbon Contracts for Difference)
- The recognition of SAF under the EU Taxonomy as well as under EU ETS
- The possibility to overachieve the SAF target from an operator perspective
- A market driven force to ensure that the SAF system is efficient
- The introduction of a book & claim system in order to avoid complex fuel transports and to set market impulses for SAF, increasing the use of sustainable fuel where suppliers, carriers and forwarders can invest in sustainable fuels and benefit from emission reductions in their carbon accounting.

Revision of the EU Emission Trading System for Aviation (ETS Directive)

The proposed revision of EU ETS for aviation will heavily increase the cost of operating as a result of the progressive phasing out of free allowances and the drastic reduction of the tradeable allowances. This financial impact will be aggravated by the expected soaring of ETS carbon price. We strongly believe that, in the absence of clean aviation technology alternatives in the short and mid-term, these measures will only have a limited effect on reducing CO₂ emissions unless the revenues of EU ETS are thoroughly and specifically earmarked for the decarbonisation of aviation. EEA is hence calling for the revenues from EU ETS for aviation to be directly invested to support aviation's sustainability, particularly towards the scaling up and fast deployment of sustainable aviation fuels (SAF) as mentioned above, and also from a user perspective.

As the EU would maintain the ETS for intra-EEA flights along with CORSIA, there is also a risk of double accounting of CO2 emissions under both schemes which would conflict with ICAO's principle that market based measures should not be duplicative and that emissions should be accounted for only once.

2. Road

Road is also a vital part of express delivery operations. Our members use both Heavy Goods Vehicles (HGVs) as well as Light Commercial Vehicles (LCVs), predominantly for last mile delivery. The express delivery sector uses international HGV networks to connect our hubs and local depots, supporting the just in time delivery model.

Revision of the Directive on Deployment of Alternative Fuels Infrastructure

The express industry aims to capitalise on the growth of alternative fuels to achieve its greenhouse gas reduction goals. The needs of the transportation industry and the future viability of new technologies must be considered. On the ground, electric vehicles will comprise an increasing share of express delivery fleets. However, electrification for HGV fleets will take longer than it will for LCVs. Hence, there is a critical need for the development and implementation of bridging technologies.

As charging infrastructure will also be an important component in getting battery-electric trucks onto the roads, a practical and demand-oriented expansion is needed. It will also be essential to consider short and medium-term bridging technologies such as biofuels (e.g. bio-CNG and bio-LNG), and the provision of charging points that are operationally practicable. It is paramount that operational locations provide sufficient charging points as well as a sufficient grid connection.

EEA welcomes this revision, as it will provide an EU-wide direct application of mandatory targets for the deployment of alternative fuels infrastructure. However, we are calling for careful harmonisation amongst the Member States to ensure consistent cross-border infrastructure coverage, as well as 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.

Some questions remain, however. The proposal does not include national fleet-specific targets for heavy-duty truck chargers. This means that sufficient infrastructure would not be built in line with market developments for zero-emission trucks and the expected demand from companies to decarbonise their fleets. EEA is also calling for a streamlining of the administration process – including the process by which permits for charging infrastructure are obtained. EEA is also calling for targets to be considered together with other proposals in the Package, such as the Regulation setting CO2 emission standards for cars and vans, where a coherence across the proposals is critical.

The EU and Member States must also ensure proper financial incentives are introduced to achieve those infrastructure goals. These incentives include but are not limited to fueling, destination charging, depot charging, and public charging. It is important that EU and national funding instruments prioritise support towards projects developing alternative fuels infrastructure to meet the ambitious targets of this proposal.

Regulation setting CO2 emission standards for cars and vans

EEA welcomes the proposal to strengthen CO2 emission standards for new passenger cars and for new light commercial vehicles. However, vehicles in the M1 (passenger car) and N1 (LCV) classes are used

in large numbers in the fleet of national express operators today and will continue to do so for the foreseeable future. Tightening of CO2 limits will affect road users in a positive way.

Ambitious EU limits will help accelerate the shift from combustion engines to Zero Emission Vehicles (ZEVs) such as battery-electric drives. Economies of scale will not only reduce the unit costs per vehicle for operators like the EEA members, but also develop the infrastructure (electric charging stations, possibly hydrogen charging stations). Early target definition helps manufacturers and users to adjust their business planning and gives investment certainty, resulting in better availability of zero-emission vehicles and faster conversion to e-vehicles.

Revision of the EU Emission Trading System for Road (ETS Directive)

EEA believes that extending ETS to road transport will increase the price for fossil fuels but at the same time the business case for low- and zero emission fuels will look more positive. EEA is for a harmonised EU framework for ETS for road to avoid a patchwork of national legislative schemes. A patchwork of ETS related legislation would significantly hamper the ability to introduce effective solutions. EEA supports the earmarking of revenues generated from road transport ETS allowances specifically for the decarbonisation of road transport, accelerating the uptake of zero emission vehicles and the deployment of interoperable refueling/recharging infrastructure.

Introducing road transport into the EU ETS, the double charging of CO2 through other EU instruments such as Eurovignette should be avoided. We are calling for assurances to be made that no double or triple taxation with other proposals will occur.

3. Conclusion

The express delivery industry constitutes an integral role in the function of the European economy. The sector broadly welcomes the range of proposals contained in the Fit for 55 Package, albeit with some concerns and proposed caveats, as stated above.

The European Express Association (EEA) is the representative organisation for the express industry in Europe. The industry specialises in time-definite, reliable transportation services for documents, parcels, and freight. It allows European business to rely on predictable, expeditious delivery of supplies, thereby enabling them to attain and maintain global competitiveness.

The express industry employs over 330,000 people across the EU and supports a further 410,000 indirect jobs in Europe through the supply-chain. The express industry's employees are widely spread across EU member states.

The express industry is a truly intermodal sector. Air-road and air-rail operations form an integral part of the industry's hub and spoke system. Our members use the most efficient transport mode to ensure the timely delivery of our customers' goods. This includes the use of aircraft, but also road vehicles and rail where possible.