

The European Voice of Freight Logistics and Customs Representatives

Brussels, 8th of December 2010

RE: Consultation on a "Roadmap for a low carbon economy by 2050"

CLECAT represents the interests of 27 national organisations of European freight related service providers. Multinational, medium and small freight forwarders and Customs agents are all part of CLECAT's structures, thus making it the most representative structure of its kind. Our members voice the interests of more than 19.000 companies employing in excess of 1.000.000 staff. In rough figures European freight forwarders and Customs agents clear 95% of all goods in Europe and handle 65% of the cargo transported by road, 95% of the cargo transported by air and 65% of the maritime. CLECAT also plays a major role in rail and inland waterways. Intermodal transport, extensive use of IT and dedicated terminals and warehouses are the main tools our members use to address customers' requirements.

CLECAT is registered in the register of interest representatives (ID: 684985491-01).

CLECAT would like to draw your attention to the position paper that we are sending you hereby on the occasion of the ongoing consultation on a "Roadmap for a low carbon economy by 2050". The position paper is based on the questions you have been asking in the consultation, but elaborates a bit more on the questions, focussing on the transport sector and taking into account the views of CLECAT members.

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When speaking of relevant legislation, we see merit in many of the proposed concepts mentioned in the consultation. However when asked to pick 4 EU legislations, that are most likely to be the most effective in terms of delivering emission reductions by 2020 and beyond, we would stress the importance of the following 4 initiatives:

- EU ETS Directive
- Recast Energy performance of Buildings Directive
- Regulation to reduce CO2 emissions from passenger cars
- Renewable energy directive

CLECAT would like to briefly comment on the following other policies that were mentioned. Despite the fact that transport is being targeted because it is in fact increasing its emissions, it is important to work on providing transport alternative sources of energy other than petroleum. Until that point is reached it is impossible to expect transport demand to significantly grow and cut on emissions at the same time. It is vital to work on other areas that are equally responsible for emissions, if not more, such as agriculture, old fashioned buildings and living standards.

CLECAT, aisbl (n° 0408301209)

Rue du Commerce, 77
1040 Bruxelles - BELGIUM
Tel: +32 (2) 503 47 05
Fax: +32 (2) 503 47 52
E-mail: info@clecat.org

On the Regulation to reduce CO2 emissions from vans, we would like to note that light commercial vehicles (LCV) should not be treated like passenger cars. EU legislation should therefore take account of carrying capacity of LCV: an EU regulation would indeed be useless if it is designed in a way that it would create a shift from LCV to smaller vehicles, which means more CO2 emitted by the road sector in the end. It is therefore essential for instance that only fleet average would be regulated.

On the proposal for a revised Eurovignette Directive and the topic of internalisation of external costs in road transport we would like to point out that the proposal, as amended by the Council recent compromise is environmentally useless if not counterproductive, because it does not take account of the following:

- All forms of transport, professional and non-professional (own-account), as well as commercial and private should be included.
- Accidents costs and climate change costs ought to be excluded, the former being dealt with by insurance and the latter being out of scope if passenger cars are not included
- There needs to be minimum requirements on the interoperability of each national system for levying the toll
- Strict rules in favour of an earmarking to the road transport sector is necessary
- Policy makers should not forget that road transport is already liable for a large variety of specific taxes
- Most external costs seem to be already internalised by existing taxation: (see our research on road transportation and charging in Europe here)

CLECAT thinks that technology is the most important factor in achieving a low carbon economy by 2050. As regards the transport sector, Intelligent Transport Systems (ITS) technologies can certainly help in achieving a low carbon economy by 2050 by contributing to a cleaner, safer, and more efficient transport system. In addition, capacity is a crucial factor in emissions savings in the transport sector and all transport modes should therefore persist in capacity innovation. Efficient transport solutions using innovative technologies do not only support economic growth, they are also one of the most important variables to succeed in meeting the environmental challenges including health effects, emissions and global warming as well as congestion and traffic safety. For these reasons, it is impossible to understand why we keep running short trains (sometimes shorter than 300 or 500 metres!) and short trucks (instead of modular vehicles).

For CLECAT it is also crucial that alternative fuels are being developed as soon as possible. While we are aware that there are some promising and successful technologies in existence already, it is not yet possible to utilise these technologies commercially. It is necessary to create the necessary infrastructure. We believe that different alternative fuels will be able to serve different purposes, for example fuel cells and batteries are most likely to benefit urban transport and light vans, while biofuels and biogas are indispensable for substituting fossil fuels for trucks and aircrafts at some point in the future. The Commission can contribute by facilitating research and investing in the necessary infrastructure. Member States should provide significant tax relief to environmentally efficient mobility.

Looking at the areas where CLECAT has been more active, that may also not necessarily be the most important in the overall environmental discussion: the full internalisation of external costs for all transport modes and especially all transport users should be one of the initiatives that the EU should pursue in the next 5 to 10 years to secure a successful transition towards a low

carbon economy by 2050. Focussing on goods transport will only move the problem elsewhere. On this issue, CLECAT would like to raise the following comments:

- A comprehensive methodology to calculate and internalise external costs should include all forms of transport: commercial & non-commercial movements, as well as freight and passengers transport. It is regrettable that the exercise started only with road freight transport (current revision of the Eurovignette directive), thus putting the latter at a competitive disadvantage (or at least not a level-playing field) with other modes, that fallaciously appear to be more environmentally friendly, at least in the freight area.
- In order to put all transport modes on equal footing, double taxation should be avoided during the internalisation process by taking into account those costs that are already (fully or partly) internalised through existing taxes or charges. An internalisation system must take account of existing fiscal burdens on transport users.
- The impact of the internalisation policy would be much greater if the revenue was directly used to work on the reduction of externalities. Indeed, making users pay for the externalities they produce without working on their reduction would be unfair and produce a vicious circle of spiralling cost. A strict earmarking system would enable each mode to finance external costs reductions (e.g. through technological innovations and infrastructure upgrading/construction) proportionally to the costs actually generated. This would preserve fair competition between transport modes whilst contributing to the acceptance of the whole internalisation policy.

Out of this road transport related perspective, one could imagine a number of other initiatives that may provide additional emissions savings/energy resources that would otherwise simply remain untapped or go to waste:

- incentives to use free surface (commercial centres, parking areas, factories, barracks, schools, etc.) to install photovoltaic power stations;
- allowing CAP compensations only if and when alternative use of land for biomass for fuel and energy production has been exploited; if biomass for energy exploitation has not been explored CEP subsidies should be withdrawn
- regulating the food-chain waste (supermarkets, restaurants, schools and institutions meals) in order to foster re-use of perished or disposed foodstuff for fuel and energy production;
- dealing with greater severity with the waste and recycle programmes in cities and urban areas.

While long term planning is essential to take long term decisions, the medium term goals should not be neglected. In CLECAT's opinion investment in new technology through research programmes like FP7 and the upcoming FP8 are a suitable method to foster research in new technologies and will be a good starting point for commercially viable appliances. Especially the infrastructure for a transfer to non-fossil fuels will most likely need to be reinforced and subsidised by public funding, which is often granted even to less urgent or more theoretical endeavours. A low carbon economy should be identified as an industrial priority for the EU. As appealing as a goal in 2050 may look like to some, some others may simply not have the opportunity to appreciate it, as nobody is eternal. Perhaps more realistic goals in 2020 and 2030, however more daring from a policy point of view, seem more justified, if a costly collective policy effort is to be put in place. It is very difficult to win the support of a middle aged citizen on a 2050 goal today. Such policy would not strike the chords of their souls. The EU should promote objectives that look real and achievable rather than objectives that are so removed in the future to appear acceptable but fundamentally unessential.

On the topic of how to cut emissions by 80% to 95% by 2050 CLECAT would stress the importance of decoupling transport from fossil fuels. There are numerous possibilities to achieve this goal (promote new technology, support research projects, build the necessary infrastructure) and we would advocate that it should be one of the key priorities for the Commission in the decades to come. We can see that the other goals mentioned in the consultation document are also important, but would also caution to be too optimistic about the positive impact of reducing emissions by 95%. This will be a major undertaking that will make it necessary for all actors to make significant contributions and will result in a major re-structuring of whole business processes for some industries.

In the light of our comments made earlier, in the perspective of the next 20 years the work on alternative fuels and alternative mobility paradigms, especially for passengers, seem to provide the greatest room for innovation. Other achievements, such as "extra jobs", are the consequences of possible right choices. Jobs cannot be created by writing it down in best intentions, they are created by the requirement of service and goods. If the environmental policy does not avoid obstructing the production of goods and the creation of services, it will inevitably cut on jobs and salaries in future. For this reasons the environmental policy that is required should foster innovative fuels and energy, abate monopolies that de facto create obstacles to renewable sources and promote greater awareness in the public about self sustainable life-styles. These are the real priorities in our view.

On the question what the transport sector expects in terms of possible adaptation measures to counter the effects of climate change, CLECAT does not expect at the moment that climate change will have catastrophic impacts on the transport industry, at least not in a way that major adaptation measures would be needed, but the regulatory pressure on the transport industry, as limited to freight, is likely to promote the removal of certain logistic processes from Europe. In the long run this may even reflect negatively onto the environment as it may multiply the number of logistics movements per unit market product.

Other than in logistics per se, problems might arise from damaged infrastructure due to extreme weather conditions (e.g. flooding of streets). Nonetheless it must be stressed that the freight forwarder's task is to remove obstacles and ensure a smooth supply chain and this basic remit shall not be abandoned.

In the recent crisis with the ash from the Icelandic volcano it could be observed that rather than sitting out the crisis, forwarders sought proactive solutions to deliver the goods by different means of transport or different routes. Airplanes were re-directed over Spain, freight was put on lorries and rail, etc. Our traditional flexibility will provide for adaptation measures in our sector, if necessary.

As it appears from the above replies other areas may have more serious concerns in seeking new approaches with regards to climate change and other environmental challenges.

At the end we would like to draw your attention to the CLECAT Sustainable Logistics Best Practice in Logistics Guide, which has been published in its 2nd edition on the occasion of the last Freight Forwarders' Conference on the 30th of November 2010 (available on the CLECAT website for free: <http://www.clecat.org/>). The Best Practice Guide collects over 150 best practices in the area of logistics and freight forwarding. The massive amount of best practices and their diversity attest to the transport sector's commitment and initial success to mitigate the impact of climate change. Indeed it is the primary task of a freight forwarder to optimise transport and CLECAT has stressed repeatedly that in most cases a more environmentally friendly way of transporting goods from A to B will result in significant economic benefits. This does not mean that the

CLECAT, aisbl (n° 0408301209)

Rue du Commerce, 77
1040 Bruxelles - BELGIUM
Tel: +32 (2) 503 47 05
Fax: +32 (2) 503 47 52
E-mail: info@clecat.org

transport sector could or should not do more than it is already doing, but it also highlights that the sector is very much proactive and willing to tackle this great societal challenge together with all relevant actors.