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## IRU OBSERVATIONS

ON

# THE EUROPEAN COMMISSION STRATEGY FOR REDUCING HEAVY DUTY VEHICLES' FUEL CONSUMPTION AND CO2 EMISSIONS

Adopted by the IRU EU Goods Transport Liaison Committee (CLTM) in Brussels on 8 October 2014.

IRU Observations on the European Commission Strategy for Reducing Heavy Duty Vehicles' Fuel Consumption and CO2 Emissions.

#### I. INTRODUCTION

On 21 May 2014, the European Commission adopted its long awaited Communication presenting a Strategy for reducing Heavy Duty Vehicles' (HDVs) fuel consumption and CO<sub>2</sub> emissions (COM(2014) 285).

The Strategy consists of short term measures which were already announced in the 2011 Transport Policy White Paper, an action to establish a harmonised measurement methodology (VECTO) for the fuel consumption and  $CO_2$  emissions from new HDVs and a system for the certification and reporting of  $CO_2$  emissions. The European Commission Communication can be downloaded here.

The European Commission expects to present proposals for new legislation to enable VECTO in 2015.

#### II. IRU POLICY

The IRU Policy on the reduction of CO<sub>2</sub> emissions and the fuel consumption of HDVs is determined by the 2009 adopted IRU 30-by-30 Resolution, which voluntarily commits the IRU and its Member Associations, on the basis of innovative technologies and practices such as driver training and optimised weights and dimensions, to reduce CO<sub>2</sub> emissions by 30% by 2030 – calculated as transport performance in t/km and p/km and related to the base year 2007. The Resolution specifies that road transport operators cannot achieve this alone and calls upon vehicle and tyre manufacturers and telematics and energy providers to undertake parallel measures, which should contribute to achieving this target. The Resolution also calls on competent authorities to undertake initiatives to further facilitate and promote road transport's efforts to achieve this target.

Related to the 30-by-30 Resolution, the <u>IRU Position on the methodology for the calculation and declaration of energy use and Green House Gas (GHG) emissions</u> was adopted in 2011. This IRU Position sets out the IRU priorities for a harmonised EU calculation and declaration methodology for CO<sub>2</sub> emissions and fuel consumption of HDVs.



Furthermore, the IRU adopted a <u>Position on road transport and oil</u> setting out the challenges relating to commercial road transport's dependence on oil and the use of alternative fuels. This position paper was supplemented in 2012 by an <u>IRU Position on new mobility solutions to mitigate CO<sub>2</sub> emissions</u>, which sets out the IRU priorities relating to alternative fuels and their infrastructure. Another IRU Position on the electrification of road transport was also adopted in 2012.

#### III. IRU OBSERVATIONS

Based on adopted IRU Policy, the following IRU Observations can be made on the Strategy for reducing HDVs fuel consumption and CO<sub>2</sub> emissions.

#### 1. General Observations

The IRU welcomes the publication of the new European Commission Strategy and notes that reducing CO<sub>2</sub> emissions from HDVs will be very complex and will only be achievable by setting CO<sub>2</sub> performance standards for the whole vehicle and the work performed by these vehicles, which is only feasible in the long term. It will be essential to ensure that the benefits for commercial road transport operators and society as a whole outweigh the costs of implementing any potential EU CO<sub>2</sub> emission reduction strategy for HDVs. Any additional measures should facilitate the implementation of the different phases towards the introduction of performance standards and should not jeopardise the operational efficiency of road freight or passenger transport operations or aim at favouring other modes of transport over road. Road freight and passenger transport operators should gain benefits in terms of reductions in fuel consumption and operational costs and should receive guarantees for a return on their investments in the latest and cleanest technologies, including vehicles, over an adequate period of time. It will not only be necessary to develop a harmonised and transparent measuring tool for CO<sub>2</sub> emissions from new HDVs, it will be equally important to develop a harmonised, transparent and reliable monitoring tool in order to allow road transport operators to monitor their operational performance in terms of CO<sub>2</sub> emissions and allow them to make adjustments where necessary.

In terms of additional measures suggested in the Strategy, the IRU notes that the European Commission has traditionally not used some of them, like road user charging and weights and dimensions, to facilitate road transport, but to artificially force a modal shift away from road freight transport towards other modes. Any additional measures can only successfully contribute to achieving reduction targets if they are mode neutral and facilitate the reduction of road transport's environmental footprint at-source.

### 2. On VECTO, certification and reporting

The IRU welcomes the development of an EU measurement methodology for CO<sub>2</sub> emissions and fuel consumption from HDVs, which should improve the transparency for operators and facilitate their decisions to invest in newer, cleaner vehicles. However, it is essential that the accuracy of the VECTO simulation tool is guaranteed to be as close to real life operations as possible and cover a very wide variety of real commercial road freight and passenger transport operations.

When considering the certification of CO<sub>2</sub> emission and fuel consumption values, it will be essential to determine who in the construction cycle will have the end responsibility for the values.

Looking at the reporting, the European Commission Strategy should distinguish between the reporting of the values determined at type approval and the reporting of the actual performance of the vehicle. Experience is showing that the latter is very complex and the IRU considers that it is entirely premature to legislate on this aspect as the effectiveness of such legislation would strongly depend on progress being achieved in the field of carbon footprinting and benchmarking.

## 3. On other short-term measures

## a) On eco-driving

The IRU confirms that the further encouragement of eco-driving can contribute considerably to reducing fuel consumption and CO<sub>2</sub> emissions. The FP7 funded "EcoEffect" project which aimed at encouraging eco-driving and involved 2600 professional drivers, demonstrated that driver training alone could contribute to fuel savings of up to 20% and could provide long-term economic benefits to companies of 5-7%. During EcoEffect, which lasted close to 3 years, some 3.5 million euros worth of fuel was saved. Therefore, the IRU would strongly support initiatives aimed at further encouraging eco-driving.

b) The revision of the EU Energy Taxation Directive and potential revision of the Eurovignette Directive

The IRU notes that CO<sub>2</sub> emissions are not included in the externalities which can be internalised through the Eurovignette Directive and therefore does not consider the revision of the Eurovignette Directive to have a direct contribution on reducing CO<sub>2</sub> emissions from HDVs.

CO<sub>2</sub> emissions are currently covered by energy taxation, which in some EU Member States can be as high as 52% of the pump price. The current revision of the EU Energy Taxation Directive is still on-going and the IRU is opposed to any changes that would lead to increases in fuel taxes on commercial road transport. Such taxes would not contribute to achieving CO<sub>2</sub> emission reductions nor effectively decrease fuel consumption. Instead, revenues from CO<sub>2</sub> charges included in energy taxation should be earmarked for projects aimed at reducing the environmental footprint of road transport at source.

The IRU also opposes any potential double taxation or charging of CO<sub>2</sub> emissions from HDVs through the internalisation of externalities and energy taxation.

# c) On the revision of Directive 96/53/EC on weights and dimensions

The revision of Directive 96/53/EC on weights and dimensions is on-going. The IRU supports measures which would improve vehicle fuel efficiency, including through better aerodynamics (a redesigned cabin and the use of rear flaps) as they could lead to reductions in fuel consumption of 10% on average. However, it is essential that these measures remain voluntary and enter into force as soon as possible in order to give the opportunity to operators to buy these vehicles. In addition, weight allowances for vehicles using low carbon technologies are also welcomed.

Furthermore, the use of the European Modular System (EMS) could contribute to reducing fuel consumption and  $CO_2$  emissions as the load of three standard combinations can be carried by two EMS combinations. This has been proven during the trials with and use of the EMS in different EU countries. The EMS can also carry more goods to and from multimodal transport terminals, reduce the number of road freight vehicles needed to service them and thereby increasing the efficiency of multimodal transport.

### d) On the "Clean Power for Transport" package

The IRU supports the "Clean Power for Transport" Directive which has recently been adopted, but regrets that Member States have watered down the deployment targets of the initial European Commission proposal. Meanwhile, there are still a number of challenges in terms of the operational efficiency and the economic viability of alternative fuels and the scope of use of fuels like hydrogen and electricity, including from renewable energy sources, which need to be addressed in order to facilitate widespread deployment of alternative fuel vehicles in commercial road freight and passenger transport. It should also be noted that some of the alternative fuels being currently promoted for further deployment, such as gas, are still fossil fuels, which may pose a challenge if the dependency on fossil fuels is to be reduced over time.

## e) On zero emission urban freight logistics

The IRU welcomes the "Urban Mobility Package" which the European Commission presented in January 2014. The IRU would welcome the EU harmonisation of the principles to introduce urban access restrictions, but this should not be a pretext to encourage cities to introduce more of them.

The IRU is also concerned that the creation of an EU framework for urban charging could introduce an additional fiscal burden on urban logistics and could lead to double payments for infrastructure use in municipal areas as the Eurovignette legislation already foresees the possibility for infrastructure charging in urban areas. Furthermore, urban charging can only successfully contribute to reducing fuel consumption and CO<sub>2</sub> emissions if its revenues are earmarked for projects aimed at reducing the environmental footprint of road transport at source.

## f) On liberalisation of the road haulage market

The IRU does not share the European Commission analysis that a further liberalisation of the market would contribute to further efficiency increases and reductions in  $CO_2$  emissions. In fact, road freight transport operators do not need market opening to improve their operational efficiency, increase load factors and reduce their fuel consumption. In its report on the "State of the Union Road Haulage Market", the European Commission indicates that 50% of the journeys in the framework of cabotage are empty and wants to open the market further to reduce them. However, no evidence is given that shows that a further opening of the cabotage market would lead to fewer empty runs.

## g) On other measures currently not listed in the European Commission Strategy

The IRU notes that the European Commission is not envisaging the replacement of the legislation aimed at reducing toxic emissions, the so-called Euro norms, by legislation aimed at reducing fuel consumption. Whereas the Euro norms have substantially contributed to reducing the toxic emissions from HDVs by more than 95% since 1990, the further potential reductions with the latest rules are limited and the technology used to meet the latest standards often increases fuel consumption and  $CO_2$  emissions. Therefore, the IRU calls for an integrated approach to emission and fuel consumption reduction.

The IRU also stresses the importance of providing real business incentives for road transport operators to facilitate the market uptake of the latest and cleanest innovative transport technologies, best practices and training.

The IRU also notes that many voluntary industry initiatives to reduce fuel consumption and CO<sub>2</sub> emissions have already been launched in several countries and have shown clear results. The European Commission and national competent authorities should recognise such initiatives, further encourage them and take them into consideration when developing new measures. The IRU, together with its Member Associations concerned, is actively working to achieve such recognition.

#### 4. On medium-term measures - fuel used versus work done

The IRU notes that the possible introduction of CO<sub>2</sub> performance standards for HDVs will be very complex and should be based on real driving cycles taking into account the fuel used versus the work done. Performance standards cannot be introduced before an EU methodology for the measuring, calculation and reporting of CO<sub>2</sub> from HDVs has been developed and has been implemented, not only for new vehicles but also for existing ones, as operators should be able to continue to monitor CO<sub>2</sub> performance when on the road. Liability for not meeting the standards should also be defined. Considering the complex measurement process, a component-based standard with specific limits for each component is undesirable. It would make the whole process even more complex and would be more difficult to implement. A standard for the whole vehicle combination is preferred as it provides manufacturers with the possibility to develop fuel saving measures that are the most cost-efficient.

#### IV. CONCLUSIONS

The IRU and its Member Associations have taken the voluntary commitment to reduce CO<sub>2</sub> emissions from HDVs by 30% by 2030 and recognise that close cooperation with transport operators, vehicle and component manufacturers, telematics and energy providers and international institutions and governments will be required to achieve this. Therefore, the IRU welcomes the publication of the European Commission Strategy for reducing HDVs fuel consumption and CO<sub>2</sub> emissions. However, reducing CO<sub>2</sub> emissions and fuel consumption must essentially lead not only to environmental benefits but should provide economic benefits to the road transport operators in terms of operational efficiency and cost reductions. The IRU is convinced of the importance of harmonising standards for all fuels and their infrastructure and therefore calls on authorities to build the required infrastructure, taking into consideration the time that some fuels would need before being ready to enter the market on a wide scale. There will also be a need to further develop the use of alternative fuels from renewable energy sources in HDVs.

The IRU cannot accept that this European Commission Strategy is used as yet another policy tool to force a shift of freight from road to other modes. The IRU and its Member Associations are fully prepared to continue working together with the European Commission, the European Parliament, Member States and other industry stakeholders in finding solutions to reduce the environmental footprint of road transport and improve operational efficiency. In this respect, the IRU would like to observe that it should be examined how CO<sub>2</sub> measuring in the different transport modes could be better integrated in order to come to more transparent values for complete logistic operations.

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