

Cefic/ECTA POSITION

European Policy for more sustainable transport and logistics across Europe

Cefic, the European Chemical Industry Council, is the Brussels-based organisation of the chemical industry in Europe, representing 29,000 large, medium-sized and small companies which employ 1.3 million people and account for one third of the world's chemicals production.

ECTA, the European Chemical Transport Association, is the voice of the chemical land transport industry in Europe, representing European land transport companies with the aim to improve the standards of efficiency, safety, environment and quality of the transport and logistics of chemical goods in Europe. ECTA members move 70% of the total volume of chemicals land transport across Europe.

Introduction

Transport (freight and passenger transport) accounts for 20% of all EU GHG emissions. The share of transport emissions is continuously increasing and could reach 30% of total EU emissions by 2020 if no action is taken. Reducing the GHG emissions of transport, both passenger and freight, is therefore one of the main challenges of the future European transport policy.

Significant efforts have already been made by industry and authorities to improve the energy efficiency of freight transport. These gains in energy efficiency have however not been sufficient to outweigh the growth in emissions caused by larger transport freight volumes, due to a sharp increase in global trade and the further integration of the enlarged EU. There will, therefore, be a continuous need for all stakeholders to develop strategies and measures for the further reduction of the emissions of freight logistics operations over the coming years.

The chemical industry, representing less than 10% of total freight emissions, has adopted a pro-active approach in reducing the environmental impact of its logistics activities, in close cooperation with its logistics service providers. Ensuring safe transport and handling of its products with care for the environment is of key importance for the chemical industry and an essential part of its Responsible Care programme. At the same time, efficient, reliable and competitive transport and logistics are necessary conditions for international trade on which the chemical industry thrives.

Shippers and transport companies are ready to explore opportunities to further reduce their transport carbon footprint. The efforts of industry should however be supported by a transport policy framework that stimulates appropriate actions without jeopardizing the competitive position of the European industry in the global context.

This paper summarizes the actions taken by the chemical industry and makes recommendations for future European policy actions needed to stimulate further improvements.

What the chemical industry has already undertaken to improve the environmental performance of its transport operations, in cooperation with the chemical transport industry

The chemical industry, together with its logistics service providers, is continuously seeking ways to improve the management of its supply chain operations by all possible means, resulting in higher efficiencies, better use of resources and lower emissions. Over the past years many actions have already been taken to achieve this objective (further details can be found on the Cefic website www.cefic.org):

- Thanks to the integration of production plants in large integrated chemical production sites and the concentration of these sites in chemical clusters, the transport of intermediate products in the chemical industry is limited as far as possible or is carried out via pipelines.
- The need to transport products over long distances has been reduced by introducing product swaps: chemical manufacturers of the same product agree to deliver the product to each other's customers located in the area close to the respective manufacturing sites.
- The chemical and logistics industries have invested heavily in new intermodal infrastructure over the last years, resulting in a significant increase in the use of intermodal transport.
- The chemical industry makes extensive use of 'green' transport modes*. Road transport represents only 44% of the total chemical inland transport volume (expressed in tonne-km) compared to 73% for the European average**. Barge (13%), rail (15 %) and intermodal road/rail (21%) transport play an important role in chemical inland logistics, scoring significantly higher than the European industry average.
*Source: * Cefic survey of chemical transport volumes*
*** EU energy and transport volumes in figures, Statistical pocketbook 2009*
- Cefic promotes efficiency improvements in supply chain operations, which not only result in cost reductions but also contribute to lower emissions (see Cefic/EPCA reports on supply chain excellence).
- The chemical and logistics industries are driving improvement of the safety and environmental performance of their logistics operations through the Safety and Quality Assessment System (SQAS), in line with the concept of continuous improvement of the chemical industry's Responsible Care programme, of which ECTA became a partner in 2008.
- Cefic and ECTA are developing and promoting best practices in safe and ecological driving (see Cefic/ECTA BBS scheme) that contribute to lower transport emissions.
- Cefic is co-operating with the universities of Edinburg (McKinnon) and Eindhoven (Fransoo) in the development of methods for measuring transport emissions.
- Cefic has sponsored a study by professor McKinnon reviewing the opportunities for companies to reduce the GHG emissions from their transport operations.

Additional industry measures that are being promoted to further reduce the transport carbon footprint of chemical logistics

The chemical industry is continuously exploring opportunities to further improve the efficiency of its supply chains, leading to a reduction of its transport emissions. Cefic and ECTA are supporting this process by developing and promoting best practice guidelines for their member companies, in the following areas:

- Improve fuel efficiency of trucks by improving the operation and maintenance of vehicles. Regular training of drivers, supported by intelligent electronic vehicle monitoring systems, is an important tool in achieving this.
- Better supply chain management by more optimal design of the logistics network and by improved routing.
- Increase the payload of transport vehicles by removing constraints in the storage capacity at customers' sites and by introducing systems of Vendor- or Carrier-Managed-Inventory.
- Reduction of empty running of vehicles by more horizontal co-operation amongst the logistics service providers, more flexibility in delivery dates and more flexibility in unloading time windows. Facilitation of backloading by better geographical spreading of tank cleaning stations and by improving tank cleaning standards.
- Continuous exploration of additional opportunities of using intermodal transport.

Recommended measures for a future European transport policy that supports sustainable transport and logistics

The European transport policy framework should stimulate appropriate industry actions without distortion of the competitive position of the European industry in the global context.

The EU should, therefore, take the following recommendations into account when establishing new regulatory initiatives:

- **Global instead of unilateral regional protocols or regulations**
Any initiative to reduce transport GHG emissions will only be environmentally effective if implemented on a global scale. Unilateral European schemes will lead to cost increases for European transport operations and undermine the competitive position of the companies that compete with industries outside the EU. This will cause carbon leakage and will thus be ineffective in reducing emissions. Cefic is therefore opposed to the inclusion of maritime shipping in the EU Emissions Trading Scheme (ETS) or similar unilateral European actions. If ETS or equivalent systems were to be introduced for maritime shipping, they should be introduced at a global level.
- **No unilateral measures for road transport through road CO₂ charging systems or fuel taxes.**
Road CO₂ charges will not enhance the use of other transport modes because in many cases road transport is the only realistic option currently available, especially for shorter distances. Charges or taxes will, therefore, only increase transport costs without achieving the environmental benefits that are being envisaged.
The chemical industry is already using rail, barge and intermodal transport to a significant extent, if and where it is possible and viable. Rail and barge infrastructure is however not always available at or near chemical production installations and the premises of its

customers. There are still significant gaps in the intermodal network. In addition, existing rail, barge and short-sea-shipping transport services cannot always offer the capacity and flexibility needed by industry. The recent developments in several countries reducing the availability of single-wagon operations, will further limit the opportunities to shift volume from road to rail.

CO₂ charges or fuel taxes for road transport would therefore increase the cost of road transport without achieving the target of shifting volumes to the other modes of transport.

➤ **Infrastructure developments easing congestion and improving connection to hinterland infrastructure**

Congestion is an important contributor to GHG emissions (emissions of congested transport are more than 20% higher than transport under fluid traffic conditions). A number of important freight corridors around ports, freight terminals and chemical industrial clusters are reaching full capacity and create bottlenecks. Cefic/ECTA call for the identification of such bottlenecks and investment in new infrastructure capacity to reduce congestion. This will also increase the options available to shippers for intermodal logistical solutions. The industry itself has already invested heavily in new intermodal infrastructure extending the use of intermodal transport significantly.

Investment in infrastructure is also needed to create efficient freight channels to and through Central Europe. Such investment projects should be coordinated and co-funded at EU-level.

➤ **Earmarking infrastructure user charges**

All income from infrastructure charges should be used for investment in improving logistical systems and infrastructure. Revenues that would be raised from road freight charging systems (see Eurovignette proposals) should be earmarked for investments in improving the efficiency of existing logistics operations, resulting in lower emissions.

➤ **Further liberalization of rail transport** is necessary for creating the necessary competition to revitalize the rail industry. Administrative and technical barriers still limit free market access of private operators. In many cases, the incumbents are still owning or operating services or facilities (such as marshalling yards), hampering free competition by private operators in several areas.

The proposed revision of the EC first railway package, imposing stricter independence criteria for the provision of rail-related services, is therefore a move in the right direction. The Commission proposal however falls short of bringing about the complete separation of infrastructure management from operations.

➤ **Single Wagon transport is of key importance for the chemical industry**

The recent developments in several countries to scale back or stop single-wagon operations are in contradiction with the EC policy to revitalize rail freight transport.

Reducing single wagon transport will increase the volume of road transport, leading to even more congestion. The European Commission should take urgent action to stop the breakdown of Single Wagon transport. Cefic therefore welcomes the recent initiative to carry out an EC study on policy options for revitalizing Single Wagon traffic. Industry should be involved in this study in order to ensure that available Single Wagon transport operations meet the needs of industry. In anticipation of the results of this study, short-term measures should be taken to avoid a collapse of Single wagon transport in certain countries, which would could potentially cause a domino effect across Europe.

➤ **Rail freight corridors**

A shift from road to rail can only be effective if the performance of rail freight is of a comparable standard and competitive. Rail- oriented freight corridors could help in this direction. Further investment should develop these freight corridors across Europe.

➤ **Increase the authorized maximum vehicle weight across Europe**

Cefic/ECTA request a revision of Directive 96/53/EC to allow single compartment articulated vehicles up to 44T for road transport and up to 50T for intermodal transport. Such an increase would result in a decrease in the number of road freight journeys to move the same volume of product and will, therefore, result in a reduction of the congestion on European roads and in a significant reduction of CO₂ emissions per ton of transported product.

Currently, the use of 44T trucks is restricted to national transport in a number of EU member states. Cefic/ECTA believe that a general EU-wide acceptance of heavier vehicles is required in order to fully capitalize on their environmental benefits.

➤ **Complete withdrawal of cabotage restrictions** will assist road freight operators in finding return loads, thus reducing the number of empty lorries on the roads - leading to lower emissions. The recent revision of the cabotage rules is a step in the right direction, but more needs to be done to fully liberalize cabotage across Europe.

➤ **Better traffic management through intelligent transport systems**

Traffic management technology and other intelligent transport systems will assist in reducing congestion and improving the efficiency of logistics operations, resulting in lower emissions. Incentives encouraging the use of intelligent transport management systems will maximize vehicle productivity and minimize empty running.

➤ **Develop a standard for measuring GHG emissions from transport**

Cefic/ECTA believe that a standardised calculation methodology would facilitate communication on the results and drive continuous improvements in transport energy consumption and GHG emissions. That is why Cefic sponsored the above-mentioned review by professor McKinnon of the existing methods of measuring transport CO₂ emissions.

In addition, Cefic/ECTA are supporting the work at CEN to develop a uniform European standard for reporting of GHG emissions of transport services for all transport modes. It should define the needed methodological tools to be used by transport companies to calculate and report, in a reliable manner, the quantity of GHG emissions related to the services they offer. Only with reliable measures can the industry can understand how and where the optimum emission savings can be made in the supply chain.