

Sustainable Road Transport Europe 2024: Towards Net Zero



Sustainable Road Transport Europe 2024: Towards Net Zero

Europe's diesel truck days are numbered following the approval of a law enforcing a 90% cut in CO2 emissions from new heavy-duty vehicles by 2040.

The legislation passed by European Union countries in May 2024 means manufacturers will have to sell a large share of fully CO2-free trucks to offset any remaining sales of new CO2-emitting vehicles in 2040. But is the transportation sector ready for the shift?

To answer this question, Reuters Events brought together more than 200 stakeholders at Sustainable Road Transport Europe 2024 in Amsterdam.

INDUSTRY PERSPECTIVE

Over the course of the conference there were workshops, discussion groups and debates centered on how best to optimize the transition to a more sustainable future.

At Scania's workshop, Andreas Kammel, vice president of alternative drivetrains at Traton Group, presented key insights from a Traton study highlighting how the transition to electrified transport is accelerating.

The presentation clearly demonstrated that the expansion of charging infrastructure and the implementation of electric vehicles are progressing much faster than previously predicted.

"The future of heavy transport lies in electrification, and this workshop serves as an important platform to share insights, collaborate and shape the road ahead," said Evalena Falck, vice president of strategic account management.

"Our commitment to sustainability is stronger than ever, and we are ready to lead this transformation together with our partners."

It is evident that interest in electrification within heavy transport is substantial. A survey conducted during the workshop confirmed that electrification is the most relevant path forward for the industry.

Most participating companies already have long-term plans to implement electrified vehicles, but they also expressed concerns regarding public infrastructure,



inconsistent political decisions and incentives, as well as issues related to range and charging times.

"Scania is proud to be the trusted advisor for our customers, providing steadfast support as a reliable partner throughout their entire e-mobility journey," said Fredrik Allard, senior vice president of e-mobility solutions.

"We are committed to ensuring a seamless and efficient transition by delivering comprehensive analysis, tailored financing solutions, depot charging infrastructure and exceptional service. With confidence and expertise, we guide our customers through every step of this transformative process."

The workshop, hosted by Falck, Allard, vice president of e-trucks solutions Daniel Schulze and head of global account management Martin Atle, underscored Scania's commitment to a sustainable future for heavy transport while highlighting the challenges and opportunities the industry faces.

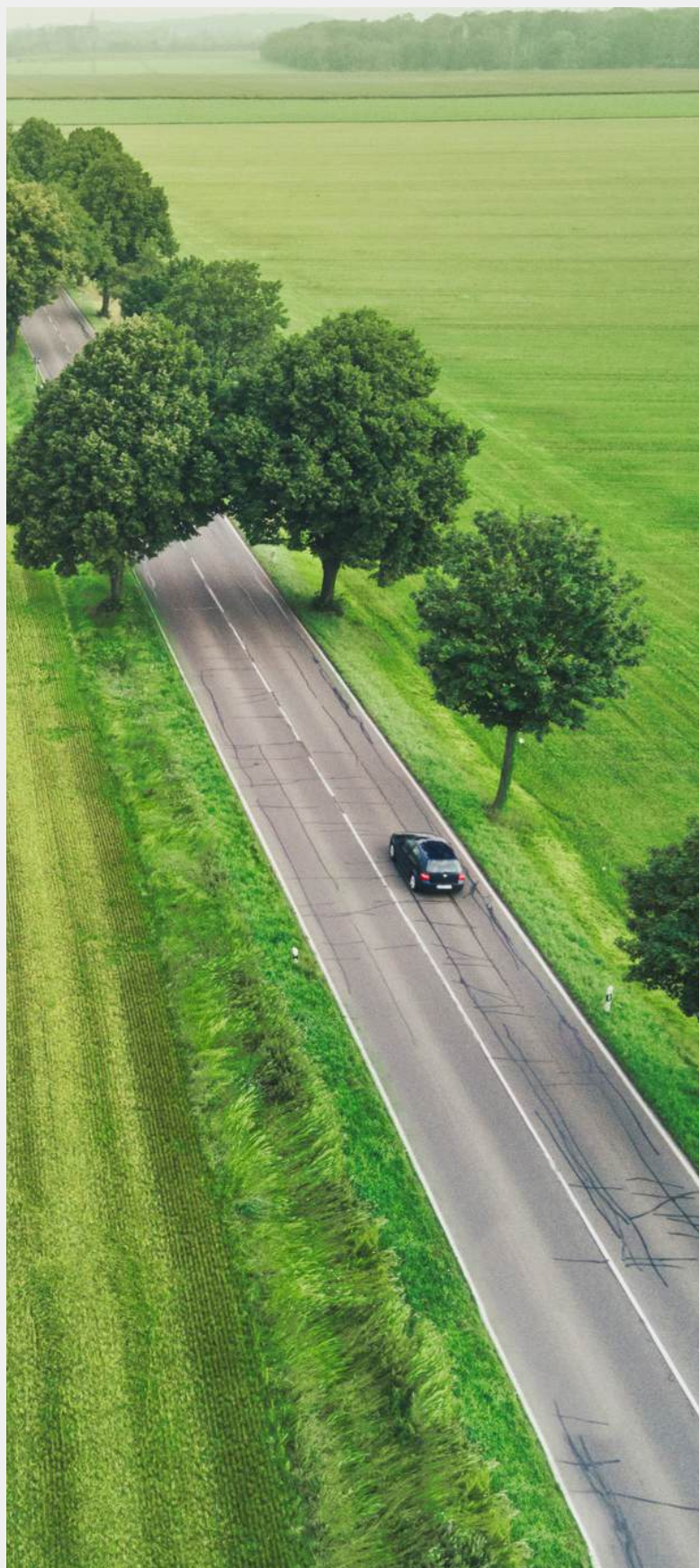
"Electrification is no longer just a vision," added Allard. "It's happening now, faster than anticipated. The transition requires bold decisions, reliable infrastructure and collaboration across industries. This workshop is a testament to the growing momentum behind sustainable transport solutions."

GOVERNMENT POLICY

Beyond what truck makers are doing, a key factor for the scale and pace of road transport decarbonization will be the policy framework across the EU and the rest of Europe.

"The regulatory direction is certainly changing," said Dominic Phinn, head of transport at Climate Group, a nonprofit, during Sustainable Road Transport Europe 2024. "But in Europe there's much to be done for this transition to happen effectively. You need regulatory certainty."

Raluca Marian, director of EU advocacy at the International Road Transport Union, asked for greater coherence around transport decarbonization from the



incoming European Parliament. “A lot has been done to promote sustainability,” she said, but what was needed now was “a plan from A to Z.”

Stephan van Zyl, international policy coordinator for sustainable logistics at the Netherlands Ministry of Infrastructure and Water Management, said: “I’m seeing renewed ambitions for greening transport, but obviously other topics are more important right now.”

With the EU having set ambitious targets, “The next phase will be about implementing, about financing and about re-weighting,” he said. “There’s a couple of moments to review the targets that have been set.”

He added: “Infrastructure, CO2 targets, a balance between demand and supply—that all needs to be re-evaluated in a couple of years to see, are we on the right track [and] can we realize our ambitions?”

Beatriz Yordi, director of carbon markets and clean mobility at the European Commission, said Europe’s Green Deal industrial decarbonization package “has been revolutionary” but would require further regulatory support in future.

“We will not achieve a society with these levels of decarbonization with one magic solution,” she said. “We need this holistic approach of carbon pricing, of regulation, of financing.”

One of the most important policy levers for European decarbonization is the EU Emissions Trading System (ETS), she said. As of 2027, the EU will have a new trading system, called ETS2, covering fuel combustion in road transport, buildings and light industry.

This will help raise money for transport decarbonization, but there is already EU finance available through the bloc’s COVID-19 recovery funds. “There’s nearly 40% that needs to be invested in climate solutions,” said Yordi. “This means a lot of subsidies for corporate fleets. Please use this opportunity.”

Sita Holtslag, Europe director of the nonprofit CALSTART, pointed out that transport decarbonization was not just a matter of European regulations. “This is a global market,” she said. “What happens in one continent is going to affect what happens in another.”



There is growing clarity over issues such as low-emissions vehicle supplies, she said. “For the supply side, we should be set,” she added. “There is now certainty that these vehicles will come to market.”

CHARGING INFRASTRUCTURE

While a supply of low-emissions vehicles seems assured, industry players have called out the need for massive investments in charging infrastructure across Europe.

“There’s no public chargers that are fast, available and affordable, to date, with enough density to cover all our needs,” said Julien Le Signor, head of environment at the French postal service Geopost.

Furthermore, while the business is investing heavily in depot-based infrastructure, Geopost’s sites “haven’t been designed for charging,” he said. “We have power or space constraints, so there’s a clear limitation in the electrification share of our fleets using depot charging only.”

Mark Allen, senior director for sustainability at PepsiCo, added that any measures to support charging infrastructure would need to ensure a level playing field for all the stakeholders involved. “We know from consumer insights we can’t pass the cost through,” he said.

"If we're differentiated versus our competitors, we lose massive volume very quickly. So how do we make it even for everyone? It's critical for us."

Holtslag of CALSTART, which works with the government of the Netherlands on securing low-emissions transport targets across 36 countries, said infrastructure is the main bottleneck facing the decarbonization of trucking.

"What's most important is not to focus on 2050, but to focus on 2030 or maybe even 2027, because this needs to happen very quickly," she said.

Among the companies working to overcome the infrastructure problem is Milence, which was founded in July 2022 as a joint venture between Daimler Truck, Traton and the Volvo Group and is aiming to establish 1,700 public charging points for heavy-duty transport across 15 countries in Europe by 2027.

"I'm here to show you that we are acting now," CEO Anja Van Niersen told audiences at Sustainable Road Transport Europe 2024. "We are building the public infrastructure for the first 15 countries in the EU."

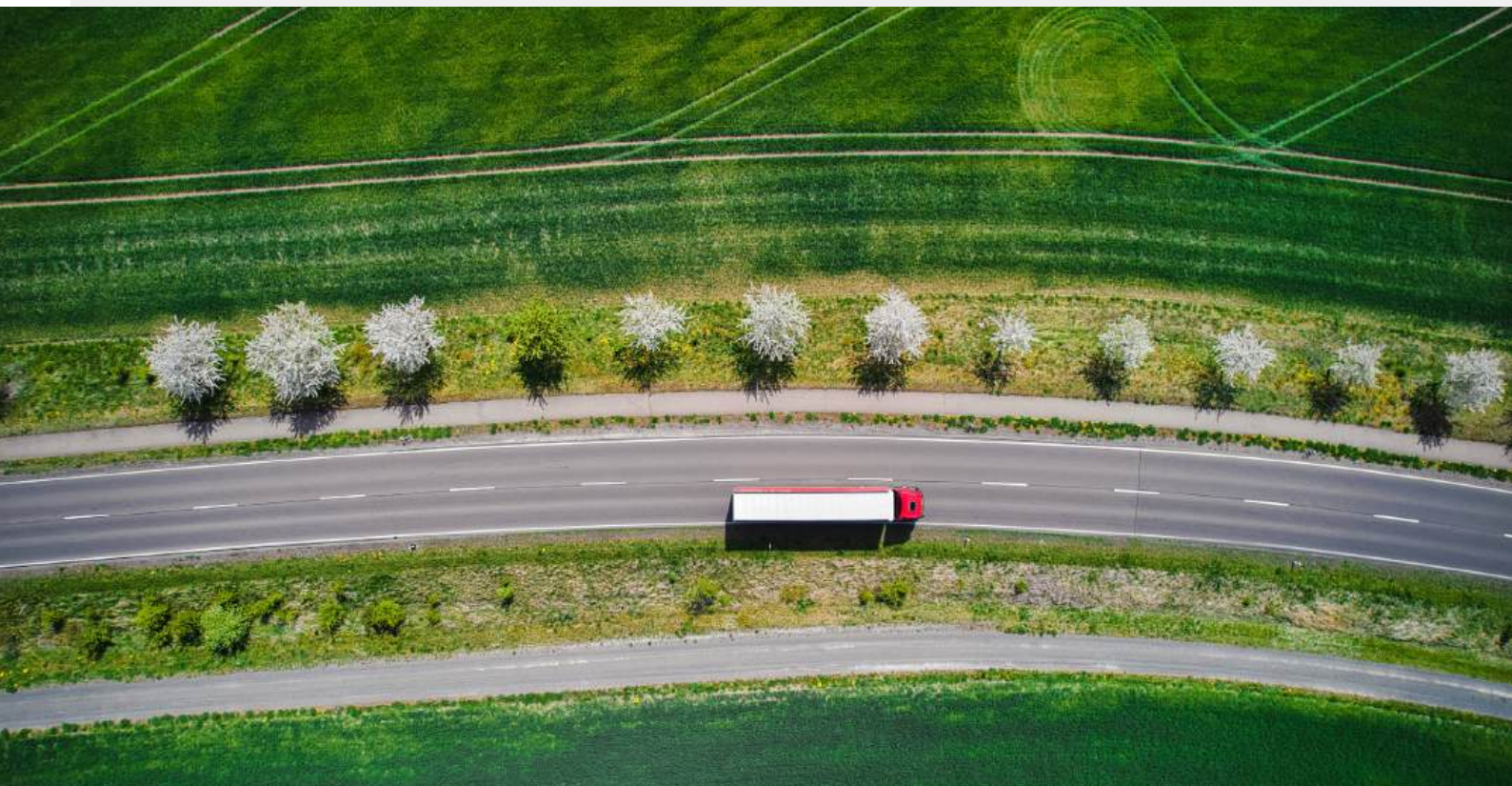
Heavy-duty transport decarbonization faces a chicken-and-egg situation, she said. "Everybody understands that if you want to launch electric trucks, you need to have some infrastructure in place. And if you don't have infrastructure, people will not buy a truck."

Overcoming this issue is key for achieving climate goals, she added. "One of the reasons why this is so very important for the future of our children is that 25% of greenhouse gas emissions are caused by transport, of which 5.5% is caused by heavy duty vehicles," Van Niersen said.

"If you can get rid of that, we have a very big contribution towards the sustainability of Europe. It is our mission to support the electrification of all trucks above 16 tonnes."

Long term, Europe's heavy-duty transport will need around 11,000 charge points, she said. Milence's initial buildout of 1,700 charging points would cover 50% of the road network, she noted, and serve the 5,000 to 6,000 electric trucks already on European roads.

"By 2033, there will be roughly 1 million," she said.



VEHICLE AVAILABILITY

As for where those vehicles will come from, “Businesses are moving ahead of regulation,” said Phinn at Climate Group. “There’s lots of examples of how we’re tackling the challenges.”

One of these examples is Volvo Trucks, which is already producing eight battery electric models at volume globally, according to Johan Larsson, vice president of electromobility. “Quite often, we hear that this transition is going to happen in the future, but it is definitely here and now,” he said.

Klaus Koehlert Pagh, head of Europe energy transition execution at shipping giant Maersk, said “the technology is there today” to decarbonize land transport. “We believe that 80% of all the heavy-duty trucking that’s happening in Europe can take place with the current technology,” he said.

“We see new OEMs, new charging infrastructure players coming in that didn’t exist five years ago. They’re challenging the existing ones. And the existing ones, like Scania, Volvo, BP, Shell, they’re in the process of pivoting and being ready for this new challenge, which is fantastic.”

Electric truck innovation has been helped by early adopters such as the logistics company Dachser, which started looking into vehicle electrification in 2016 and launched its first emissions-free delivery zone, in Stuttgart, in 2018.

“To be honest, in 2018 the trucks were a little bit of an adventure for the drivers,” said Andre Kranke, Dachser’s head of corporate research and development for climate protection. “We worked together with OEMs and helped them improve these technologies.”

Now the vehicles have a range of up to 250 miles (400 km) and “the drivers love these trucks,” Kranke said. “They’re very quiet. They’re very comfortable to drive. The next step for us is to get to zero-emission trucks in long distance.”

Electric trucks with a range of more than 300 miles (500 km) could be on the market by 2025, he said. Meanwhile, there is continuing speculation over whether hydrogen fuel cell vehicles could take a sizeable portion of the long-distance road transportation market. Dubai-owned ports and logistics company DP World is among the companies looking to trial fuel cell technology, with plans to take part in a five-vehicle pilot in 2026.

“We moved quite early to participate in that, because we have long-distance trucking in Europe,” said the company’s vice president of sustainability, Nicholas Mazzei. “I love EV trucks. I think they’re beautiful machines, but there’s challenges with distance.”

“After about 850 km, we’re not sure how we electrify routes, so we want to experiment with fuel cells. We have some internal combustion engine hydrogen trucks running out of our intermodal sites in Germany, and our inland terminals. We’re still trying to figure out the best way to play with hydrogen.”

Hydrogen is also of interest to DP World because it could be used as a fuel for barges and road transportation in sub-Saharan Africa, where there is little grid infrastructure to support EV charging. “Hydrogen, for those areas, could be really effective for long-distance vehicles,” said Mazzei.

MARKET OUTLOOK

What is clear is that while the overall course for European transportation emissions reduction is set, there are still many details to be worked out—and not much time. “Climate change is happening,” said Phinn. “The hottest day ever was broken twice in one week in July. We need to move fast.”

The urgency of this mission means it is imperative for transportation stakeholders to keep abreast of developments. To make sure that happens, register now for Sustainable Road Transport Europe 2025 at events.reutersevents.com/automotive/sustainabletransport.



REFERENCES

¹Kate Abnett, Reuters, May 13, 2024: EU countries approve law to slash trucks' CO2 emissions. Available at <https://www.reuters.com/business/environment/eu-countries-approve-law-slash-trucks-co2-emissions-2024-05-13/>.

²Ilona Wissenbach and Andrey Sychev, Reuters, September 17, 2024: Truckmakers say they are ready to go electric, but what about charging? Available at <https://www.reuters.com/business/autos-transportation/truck-makers-say-they-are-ready-go-electric-what-about-charging-2024-09-17/>.