

SDG Business Forum Break-out Session: Business Driving Zero-Emission Freight Transport – Key Takeaways

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Link to recording: <https://www.youtube.com/watch?v=F3JUD17KZWQ>

Participants

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- **H.E. Andrea Meza Murillo**, Minister of Environment and Energy, Costa Rica
- Sita Holtslag, Senior Advisor Sustainable Mobility, Netherlands Enterprise Agency (Transport Decarbonisation Alliance)
- **Sophie Punte**, Executive Director, Smart Freight Centre, Netherlands
- **Rodrigo Rodriguez Tornquist**, Secretary of Climate Change, Sustainable Development and Innovation, Ministry of Environment, Argentina
- **David Thackray**, Sales & Marketing Director, Tevva, United Kingdom

Context

- Much of transport decarbonisation work focuses on passenger transport – but freight contributes a significant amount to global emissions and is therefore a critical sector
- 4% of global on-road fleet are trucks, but they make up 36% of on-road fuel consumption and 73% of on-road NOx emissions

What's needed to decarbonise freight transport?

- ★ **New business models**, such as leasing of freight vehicles, and transport as a service models for freight
- ★ **New financial approaches**, models, and instruments, such as carbon offsetting schemes within the transport sector, enabling companies that want to offset their freight emissions to financially support schemes such as scrapping old and high-polluting vehicles and supporting small carriers of electric vans)
- ★ **Ambitious commitments and goals** from both the public and private sector - such as commitments to [Drive to Zero](#), the [TDA Call to Action](#), the [C40 clean streets declaration](#), and California announcing the phase out of ICE vehicles by 2035
- ★ **Clear and coherent government policies** to drive private sector investment and action
- ★ **Incentives for freight to decarbonise**, such as zero-emission zones in cities
- ★ **Participation of major OEMs** – leveraging supply chains and production capabilities to produce zero-emission vehicles, and not selling at prohibitively high prices
- ★ **Full carbon disclosure** – moving from voluntary to full disclosure of emissions
- ★ **Market signals** – Carbon pricing policies, elimination of fossil fuel subsidies

- ★ **Extended contracts** for freight vehicle operators / logistics suppliers, enabling companies to safely make larger investments in decarbonising freight
- ★ **Procurement requirements** – businesses and governments should include requirements for emissions reporting and reduction goals, and use of zero-emission freight vehicles
- ★ **Load and pick-up consolidation** – Freight owners / logistics companies should consolidate loads together, and central pick-up/delivery spots can be scaled in urban areas

Examples of current barriers to freight decarbonisation

- ★ **Demand for vehicles is currently higher than supply** – many companies are making significant commitments to decarbonise freight, and current electric truck manufacturers are having trouble meeting the increasing demand
- ★ **However, demand is not universal**, and more progress could be made by companies joining together to commit to zero-emission freight, incentivizing more manufacturers to make the investments needed to increase the production of zero-emission freight vehicles (helping to address the previous barrier)

Key Opportunities

- ★ Significant and **growing demand for zero-emission freight vehicles**
- ★ Widespread **new corporate commitments to net zero emissions** (e.g. Walmart, California, Unilever)
- ★ **Mindset shifts** – companies now realise that zero-emission freight is here and growing, and if they don't join the movement, they risk losing business
- ★ **Hydrogen technologies** for zero-emission trucks are currently being tested, including in Costa Rica and Argentina
- ★ **Increased capital flowing into next-generation mobility**
- ★ **Financial sector is requiring stricter environmental and social standards**
- ★ **Global youth activism** is demanding more transparent and environmentally friendly business supply chains
- ★ **COVID-19 pandemic** has given the public a different perception of the government's role in a global crisis – in regards to tackling climate change, **this has emboldened governments to take more drastic and radical actions, such as setting ambitious targets to reduce emissions, including from freight**
- ★ Paradigms have shifted due to the global pandemic – **High levels of uncertainty are spurring innovation and new business models, which can be leveraged to decarbonise freight**
- ★ Opportunities to prioritise **low and zero-emission freight in public COVID-19 recovery packages**