

Clean Corporate Fleets legislative proposal

Impact of the proposal on the retail and wholesale sectors

Retail and wholesale is a major sector, critical for the European economy, providing 26 million jobs in the EU. It is present in every community, managing multiple, vital supply chains and serving daily Europe's 450 million consumers as well as business customers (such as retailers, hospitality, crafts and industries). Retail and wholesale is highly competitive and operates with high volumes of goods for resale and low margins. Logistics is a significant part of distribution activities. The sector is challenged by the impact of geopolitical tensions, high energy and regulatory compliance costs, global competition, technological change and shifting consumer behaviour and needs to invest in its digital and sustainability transition¹.

Operating at scale, the sector has the potential to support the EU's decarbonisation objectives. But to deliver on these objectives, the sector needs a framework that supports its competitiveness and creates incentives to invest. This means a regulatory framework that reflects real-world financial, technical, infrastructure and regulatory constraints and ensures that EU legislation remains flexible, investment-friendly, and incentive-based.

The [Clean Corporate Vehicles legislative proposal](#) is particularly relevant for retail and wholesale as the sector operates a broad fleet of corporate vehicles, ranging from company cars and delivery vans to trucks, to meet diverse operational needs and ensure the smooth functioning of our activities.

Our transport activities primarily consist of the distribution of products with significant variety (grocery, consumer goods, healthcare, or any other industrial goods) across multiple supply chains, including deliveries to stores and end customers. Cars and vans are further used for last mile and home deliveries, as well as for just-in-time deliveries in the case of wholesalers (for example in the pharmaceutical and car parts supply sectors). Transport activities also encompass employee transportation, maintenance and repair services. The vehicles we use can be both company-owned and/or outsourced operated by third-party logistics providers.

While reducing GHG emissions is already embedded in the sustainability strategies of individual businesses, sustaining a successful green transition requires realism, long-term financial viability, sufficient and reliable grid connections and effective incentives for businesses to invest. We therefore set our key messages below.

Key messages

1. Quality legislation – no mandatory targets

¹ "[transforming the EU retail and wholesale sector](#)", joint report by EuroCommerce and McKinsey, Oct 2022

Our sector is already significantly investing in greening its operations. Operating at scale and with low margins, retailers and wholesalers need a regulatory framework that supports and creates incentives to invest in the greening of our fleets. In line with the recommendations in the Draghi and Letta reports, **the sector needs a framework that fosters its competitiveness, provides the necessary infrastructure, and measures that are proportionate and provide legal certainty and clarity.** To achieve this, previous experience and best practices to support the transition need to be reflected.

The imposition of any type of mandatory targets risks to disproportionately impact our sector as a large user, operating on small margins and already affected by the cumulative impact of legislation.

Mandatory targets also fail to acknowledge the current infrastructure and regulatory barriers for the uptake of a specific percentage of zero-emission vehicles (ZEVs) and low-emission vehicles (LEVs). Even though the quotas proposed are addressed to Member States, they will naturally impact companies through measures taken by Member States.

Adequate support, incentives and enabling conditions will empower businesses to make a more effective contribution to the decarbonisation of the EU transport sector.

2. Ensure the right enabling framework to avoid disruptions in business operations: proper infrastructure, sufficient and reliable grid capacity, vehicle availability, affordable electricity supply

Based on our practical experience, we ask policymakers to ensure that the proposal takes full account of the technical and infrastructure reality and barriers faced by companies when transitioning corporate fleets at scale.

These challenges include:

- **Inconsistent charging and refueling infrastructure across the EU along all transport corridors.**
- **Insufficient grid capacity, particularly where multiple vehicles need to be charged simultaneously and especially in warehouses and distribution hubs.**
- **Unreliable and costly electricity supply**
- **Limited and on time availability of affordable ZEVs and LEVs.**

Business operations should not be disrupted by restrictions on companies' ability to allocate their resources efficiently nor by the limitations of ZEVs, including shorter ranges, longer charging or refueling times, reduced payload capacity, and limited infrastructure availability. The retail and wholesale sector's operational patterns, transport requirements and economic capacity should be considered. Additionally, attention should be paid to **avoid increased costs for companies resulting from high demand and limited supply of ZEVs and LEVs.**

These structural issues must be addressed to create the necessary conditions for a successful transition. To that end, we support the development and implementation of infrastructure solutions and grid upgrades that can support large-scale fleet electrification. The [EU Grids Package](#) presently under discussion should also be leveraged to address existing shortcomings in the power grid and to accelerate permitting procedures.

3. Take costs into account and ensure a minimum level of effective financial and non-financial support measures and incentives to businesses

Our sector remains committed to the EU's decarbonization efforts. However, **the purchase, operation, and repair of ZEVs, as well as the installation of the necessary charging and refuelling infrastructure, require significant investments and entail recurring costs for businesses.** ZEVs with the necessary

parameters remain substantially more expensive than hybrid or conventional vehicles, while leasing costs for electric vans are also typically higher, creating additional financial pressure on fleet operators. These cost implications must be fully understood and acknowledged and the required support for investment in greening operations in the private sector should be ensured.

Therefore, we ask that:

- **Member States provide our sector with effective financial and non-financial incentives and support measures – which could also be financed by the EU –** for the uptake of ZEVs and LEVs. A minimum level of such measures should be ensured across the EU. **EU guidance** should be adopted to support the consistent uptake and implementation of such incentives schemes and support measures to ensure that they are sufficiently effective and coherent.
- **Standardised and targeted support measures address the barriers to large-scale fleet electrification, covering vehicles, grid upgrades and infrastructure at stores, logistics hubs, distribution centres and key transport corridors.** More specifically, support measures should cover upfront investment costs, operational costs, substation upgrades, local grid reinforcements, increased connection capacity at commercial sites, and high and volatile electricity prices. This will be the most effective way to enable businesses to contribute meaningfully to the green transition, to which our sector is strongly committed.
- **Investments already made by our sector towards the green transition should be duly recognised.**

Contact:

Maria Spatioti | Adviser Product Policy and Sustainability, spatioti@eurocommerce.eu

EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 27 countries and 5 million companies, including leading global players and many small businesses. Over a billion times a day, retailers and wholesalers distribute goods and provide an essential service to millions of business and individual customers. The sector generates 1 in 7 jobs, offering a varied career to 26 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector.