

EuroCommerce position paper on the decarbonisation of corporate vehicles (green fleets initiative)

Relevance and Impact on the Retail and Wholesale sectors

The European retail and wholesale sectors remain committed to decarbonisation and driving the green transition, as long as the right conditions are in place. EU legislation must remain flexible, technology-neutral, investment-friendly, and incentive-based while reflecting real-world financial, technical, and infrastructure constraints. This will ensure the sustainable transformation of the EU transport sector without undermining the long-term competitiveness of European retailers and wholesalers.

Our sector is a key player in Europe's decarbonisation and green transition efforts, as demonstrated by its ongoing initiatives¹, which range from the installation of solar panels and charging infrastructure for electric vehicles to the electrification of refrigeration and HVAC (heating, ventilation and air conditioning) systems. As one of Europe's strategic sectors, retail and wholesale create over 10% of EU GDP and provides an essential service to millions of businesses and individual customers. Our sector generates 1 in 7 jobs, many of them young people. Additionally, we create millions of indirect jobs throughout the supply chain, from small local suppliers to international businesses. Therefore, retailers and wholesalers are playing an important role in boosting the competitiveness and sustainable development of the EU Single Market, bringing affordable innovation to over 400 million consumers.

The Clean Corporate Vehicles initiative and the expected legislative proposal are highly relevant for our sector. European retailers and wholesalers rely on a broad fleet of corporate vehicles, ranging from heavy-duty trucks to passenger cars, to meet diverse operational needs and ensure the smooth functioning of their activities. These vehicles can be both company-owned and operated by third-party logistics providers.

General feedback on the Clean Corporate Vehicles initiative and Key Requests

1. **Recognise retail and wholesale as key actors in the decarbonisation of European transport and ensure their consultation taking into account the unique characteristics of the sector**

As the EU's largest private employer—providing 26 million jobs and contributing 10% of GDP—our sector has significant potential to help deliver on the EU's sustainability and competitiveness agenda and be an attractive strategic partner in the future of renewable energy. Reducing GHG emissions and

¹ Please consider some of the actions that our sector takes to support the energy transition on our website [here](#). Furthermore, our sector has created a [list of energy saving best practices](#), as well as a [checklist including tips for consumers to save energy and energy costs](#).

investing in net-zero infrastructure are already included in the retailers' and wholesalers' sustainability and circularity strategies. Our sector's decarbonization efforts include the installation of electric vehicles charging infrastructure in stores, offices and logistics centres, the use of electric forklifts to lift and move heavy goods replacing the old fuel-powered ones, the installation of solar panels on the roofs of stores and logistics centres that directly feed in-store and warehouse electrical systems, the electrification of refrigeration and HVAC (heating, ventilation and air conditioning) systems, the replacement of diesel and gas boilers with electric heat pumps. At the same time, our sector is taking leadership on energy saving measures, by reducing in-store temperature, turning lights off at night and keeping heat in stores.

However, our sector has unique characteristics and constraints that must be taken into account in any future decarbonisation regulatory framework. First of all, only about 2% of our sector's emissions are Scope 1 and Scope 2, meaning they are produced by individual retailer and wholesaler operations and the energy they consume. In contrast, the majority of emissions, about 98%, represents Scope 3 emissions that originate from the sector's vast supply chains that fall outside the direct operational control of retailers and wholesalers. As a result, the sector's decarbonisation relies heavily on advances within its upstream supply chain, downstream consumers, other industries, and the availability of green energy and infrastructure². Secondly, our sector relies on a broad fleet of corporate vehicles - company-owned and operated by third-party logistics providers, - including heavy-duty trucks and cars to support daily operations. These operations primarily include the distribution of a wide variety of products ranging from food to healthcare, while also encompassing employee transportation, maintenance and repair services, waste and recyclables collection. A significant share of transport-related emissions in the retail and wholesale sector is associated with freight transport, particularly long-haul and regional logistics. Light corporate fleets, such as service cars or company vehicles, are also related to emissions but usually represent a smaller portion of total emissions.

2. Avoid mandatory quotas of zero-emission vehicles (ZEVs) in corporate fleets and consider alternative fuels

Binding mandatory quotas for the purchase or operation of ZEVs in corporate fleets, or for zero-emission freight procurement, would place a disproportionate burden on our sector and fail to acknowledge and address existing infrastructure, technical, and financial constraints, as well as safety concerns, posing significant risks to the sector's competitiveness. For example, battery-electric heavy-duty trucks often require large and heavy battery packs, which can significantly reduce payload capacity. This not only affects transport efficiency but may also increase the number of trips required, leading to higher operational costs and potentially greater environmental impact. Such constraints must be considered when designing regulatory targets, especially for freight-intensive sectors like retail and wholesale.

Therefore, requirements for any specific vehicle type could cause major disruption to our business operations. A more flexible, incentive-based approach to the corporate fleet that could also take into consideration other means of transport, for example bicycles and e-bikes, would better support business continuity, strengthen competitiveness and provide more options for achieving the decarbonisation goals. Furthermore, alternative fuel options to electrification should be duly considered. Our sector is exploring and, in certain cases, implementing pioneering projects operating fleets on alternative renewable fuels, such as biodiesel, biomethane, bio-based hydrogenated vegetable oil (HVO) and natural gas. These projects could deliver up to 90% reductions in GHG emissions. For example, HVO fuel enables immediate reductions in emissions of up to 90% for all vehicles, as no modifications to trucks or engines are necessary. Thus, any new legislation on ZEVs should not jeopardise existing, effective and well-functioning emission-reduction initiatives which

² Joint study by EuroCommerce and Oliver Wyman "[Net zero game changer – Tackling the hidden carbon footprint in European retail and wholesale value chains](#)".

should be fully taken into account. A flexible, technology-neutral regulatory framework that supports complementary solutions is essential to ensure a realistic and progressive transition. Additionally, our membership is highly diverse, ranging from global frontrunners to SMEs. Any Commission initiative must reflect this variety of business models and the vehicle types they rely on. Uniform benchmarks risk unintended consequences for specific operators and sectors.

3. **Provide our sector with appropriate financial support and incentives, as well as sufficient time for the transition**

The purchase, operation, and repair of ZEVs, along with the investment in charging and refuelling infrastructure, represents significant costs for businesses. In a study carried out by EuroCommerce in collaboration with McKinsey³, it was identified that decarbonising our corporate fleets (both owned and outsourced) could reduce the sector's greenhouse gas emissions. However, this transition would entail costs of up to 70 billion euros. At the same time, retailers and wholesalers that switch to electric vehicles in their own fleets will also need to install charging infrastructure in their fleet depots. This will likely increase required investment to up to 40 billion euros (including the cost of charging infrastructure for consumer EVs in parking lots). However, given the low margins on which our sector operates, there is almost no room left to absorb the significant costs of acquiring and operating the ZEVs.

The significant financial burden to transition to ZEVs can be illustrated by the fact that a battery-electric truck currently costs significantly more compared to the equivalent diesel vehicle⁴. In addition, companies must invest heavily in charging infrastructure, which is not only costly but also faces significant challenges due to limited grid capacity and long permitting processes⁵. These high upfront costs for vehicles and infrastructure cannot be offset by lower operating costs alone, making the transition economically challenging for many operators. Furthermore, there is currently no functioning secondary market for electric trucks. While diesel trucks are typically replaced after six to eight years and can be resold with relative ease, electric trucks lack such resale opportunities. This significantly affects the overall economic viability of ZEVs, as the residual value is uncertain and resale is not guaranteed. Adding to the financial burden, high and volatile electricity prices leave our sector vulnerable and hinder progress toward a stable and reliable green transition. A long-term shift to ZEVs will only be feasible if electricity prices become more competitive.

Therefore, to fully contribute to Europe's decarbonisation efforts, it is critical to sufficiently include our sector in EU support measures for decarbonisation and provide incentives or develop policies that could encourage the acquisition of low-emission vehicles, instead of setting mandatory targets. These incentives could include setting a predictable fiscal framework to improve Total Cost of Ownership (TCO), implementing a weight correction in vehicle taxation for EVs, accelerating depreciation and investment deductions, lowering the taxes on renewable fuels, de-risking investment in hydrogen, incentivizing depot charging and vehicle-to-grid (V2G) operations, ensuring reliable and accessible charging for commercial use⁶. Such measures, still at an early stage of consideration, would naturally

³ EuroCommerce study in collaboration with McKinsey "[Transforming the EU Retail & Wholesale Sector](#)"

⁴ The study carried out by the International Council on Clean Transportation (ICCT) "[Purchase costs of zero-emission trucks in the United States to meet future Phase 3 GHG standards](#)" indicates that battery-electric trucks currently have higher upfront costs compared to diesel trucks, and that specifically long-haul battery electric trucks are substantially more expensive than their diesel equivalent.

⁵ For example, in Estonia new capacity building of the grid by adding a distribution substation usually costs between 100 000€ - 1 000 000€ per location. For further information, please consult the study commissioned by the Estonian Ministry of Climate [here](#).

⁶ For a more nuanced illustration, the [Netherlands can serve as an example](#). Several municipalities are in the process of implementing zero-emission zones for company vehicles. While the framework includes exemptions and incentives to address financial and technical barriers, the transition has proven challenging in practice — due to infrastructure delays, limited vehicle availability and the heavy impact on smaller businesses.

need to be tested, refined, collaboratively developed and adjusted to national circumstances before wider application. Continued efforts are needed to develop effective, practical measures that can support all companies, including SMEs, in their transition to clean fleets.

The upfront, investment and operational costs for electric or low-emissions vehicles and the necessary infrastructure, as well as the burdens of high energy prices, global competition, and complex regulations should be taken into account and addressed. Without targeted support measures to companies for investments in vehicles, charging infrastructure, and grid expansion, the financial barriers remain too high. Support schemes could cover charging and refuelling infrastructure at stores, logistics hubs, distribution centres, and key transport corridors, as well as funding for alternative technologies, such as hydrogen and biofuels, especially for vehicle categories where electrification is not yet viable, and for alternative means of transport. Equally, retailers and wholesalers require realistic timelines to adapt to the transition towards zero-emission fleets.

4. **Ensure the right enabling framework and infrastructure**

In addition to the economic aspect, retailers and wholesalers face infrastructure and technical, challenges to adapting to ZEV corporate fleets, especially at scale. These challenges include inconsistent charging and refuelling availability across the EU (particularly in rural areas and along EU-wide transport routes) and insufficient grid capacity. These structural issues must be addressed to create the conditions for a successful transition. To that end, it is essential to promote the development and implementation of infrastructure solutions, such as a comprehensive charging network, and technologies that enable logistics companies to maintain—or ideally enhance—their competitiveness. Infrastructure planning should remain flexible and encompass facilities and systems that support alternative renewable fuels and new technologies. Additionally, grid upgrades and smart energy management should first take place to ensure sufficient capacity that could support large-scale fleet electrification.

Contact:

Maria Spatioti | Junior Adviser on 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.