LOGISTICS UK

The Route to Net Zero: A Manifesto for Logistics

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Working towards a greener future

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The logistics industry is essential to our daily lives, as the global pandemic has so clearly underlined. But beyond the immediate issues our industry is responding to, our members are looking to deliver a greener future.

Through planning and investment, our members are working to lower their emissions; whether that is through adoption of low carbon fuels, utilising rail and water logistics, switching to electric vans or supporting technology trials for trucks, we are seeing the start of big change for the sector.

With these opportunities comes challenges. As a sector that works on tight margins and relies on vehicles as business tools, it can be a daunting and confusing picture knowing where technology is heading and how much investment will be needed. But with the right policy framework that supports logistics across all modes and helps our members lower emissions on the journey to fully zero tailpipe emission technologies, we are confident Net Zero can be achieved.

NET ZERO 2050

In July 2021, Logistics UK launched its *Route to Net Zero* campaign and member commitment. As more of our members commit to tackle their emissions as quickly and urgently as possible, we are publishing this manifesto to set out the steps that can help them along the way. From early planning and delivery of refuelling and recharging infrastructure for HGVs, to grants to help support rail and water freight, these policies and actions can help the industry decarbonise. As we move forward, we want to continue to work with government, policymakers and stakeholders as it is clear this is how we will see the most effective action going forward. This document aims to support those conversations.

The steps which need to be in place to help decarbonise logistics

1. Large scale technology trials must result in clarity and certainty for HGV operators on which zero tailpipe emission technologies will be commercially viable, enabling long-term business planning.
2. Government infrastructure development plans must fully recognise the needs of commercial vehicles and include targets on how, where and when the supporting infrastructure will be in place.
3. A public spending programme and regulatory changes must allow for fair and equitable funding upgrades to the electricity network, supporting operators to install essential chargepoints at their depots.
4. The use of appropriate low carbon fuels must be fully incentivised through the tax system to help operators lower their emissions immediately.
5. Maximum permissible weights for alternatively fuelled and zero tailpipe emission powertrains need to be increased, helping avoid vehicle payload becoming compromised.
6. The regulatory framework should be future-proofed for the long-term shift towards different vehicle powertrains.
7. The plug-in grants are continued to support the purchase of ultra-low emission commercial vehicles, coupled with a long-term picture of future measures needed to replace lost fuel duty revenue.
8. Electrification must be delivered across the rail network to provide private-sector freight operators with the confidence to invest in electric locomotives.
9. The Freight Facilities Grant should be reintroduced to provide capital investment for rail and water freight projects that can achieve environmental benefits.
10. Proposals to develop sustainable aviation fuels and zero emission flights need to be delivered, helping the UK become a global hub for low-emission aviation.
11. Government policy frameworks must work to protect and expand our inland waterway freight infrastructure.

Logistics at a glance

Heavy Goods Vehicles (HGVs) are used across road logistics for many and varied uses, with gross vehicle weights of between 3.5 to 44 tonnes. From long-haul HGVs moving goods across the country to aggregate trucks carrying some of the heaviest loads, these vehicles are essential to ensuring an efficient logistics industry.

In 2019-20, there were:

- **510,076** HGVs licensed by body type in the UK.
- **39,675** HGV registrations.
- **16.4 billion** vehicle miles driven[1].

Light goods vehicles (LGVs), or vans, have a gross vehicle weight of 3.5 tonnes or less, and play an important role in supporting the logistics industry. Vans are used across the sector for everything from making deliveries to providing essential utilities and services.

In 2019-20, there were:

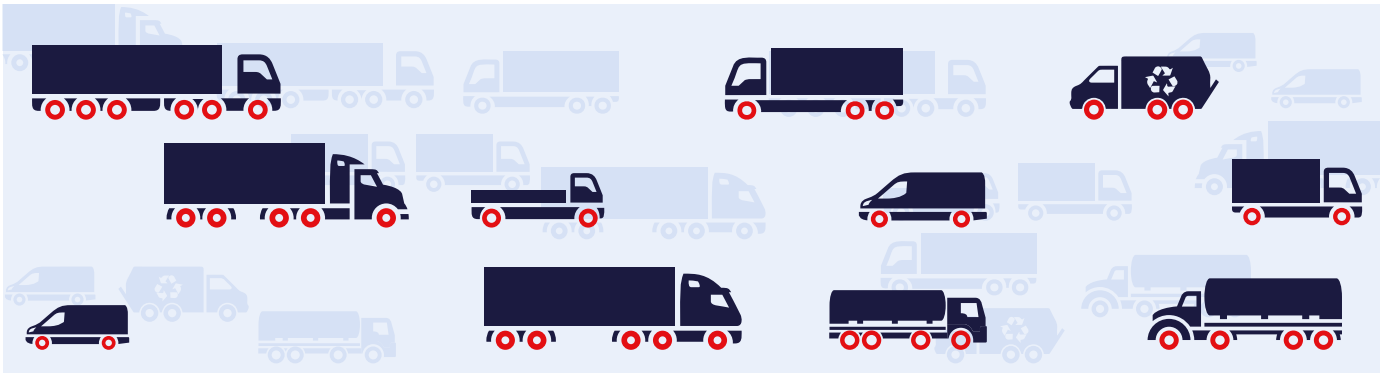
- **4,348,382** vans licensed by body type.
- **292,657** van registrations.
- **50.5 billion** vehicle miles driven.
- **Two-thirds** of vans are providing servicing and utilities, **one-third** of vans are delivering[2].

Rail, Water, Air

Rail, water and air transport are equally important to UK logistics and play a crucial role in moving goods to, from and around the UK.

- In 2019, **79%** of domestic freight was transported by road, **13%** by water and **8%** by rail[3].
- Over **16 billion** tonne kilometres of goods were moved by rail in 2019[4].
- Over **2.5 million** tonnes of international and domestic freight was moved by air in 2019[5].
- **78%** of inter-modal journeys (49 million tonnes) began or ended at a shipping dock[6].
- **3%** of inter-modal journeys (2 million tonnes) began or ended at an airport[7].

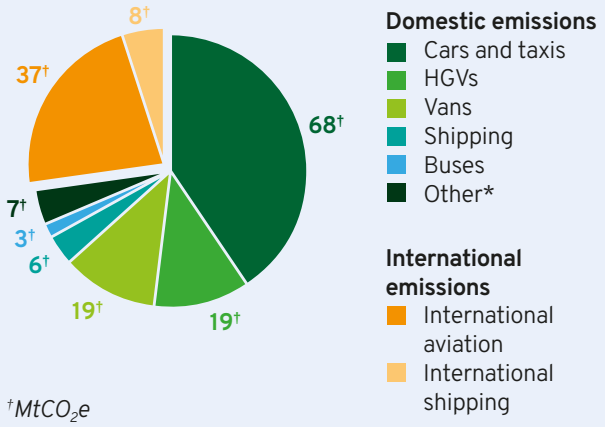
Logistics road vehicles are hugely varied depending on the load they need to carry



1 DfT 2019-2020 Van Statistics
2 DfT 2019-2020 Van Statistics
3 DfT Transport Statistics Great Britain 2020
4 Logistics UK, Logistics Report 2020
5 Logistics UK, Logistics Report 2021
6 DfT Domestic Road Freight Statistics, United Kingdom 2020
7 DfT Domestic Road Freight Statistics, United Kingdom 2020

The importance of decarbonising transport

Greenhouse gas emissions ($MtCO_2e$) by transport mode, 2019



†$MtCO_2e$

Comprises, in 2019: rail, 1.8 $MtCO_2e$; domestic aviation, 1.5 $MtCO_2e$; military vehicles, 2.3 $MtCO_2e$; motorcycles, mopeds and other road transport, 1.2 $MtCO_2e$

Source: Transport and Environment Statistics 2021 Annual Report, DfT, May 2021

Following a decrease in energy emissions since 2016, transport constitutes the UK's largest greenhouse gas (GHG) emitting sector and is responsible for 27% of total GHG emissions[8]. Emissions from transport fell by 1.8% in 2019, the second consecutive fall following emissions rising since 2013[9]. Whilst improvements in vehicle fuel efficiency have led to lower emissions, these have largely been offset by increased road traffic, with reductions that are only 4.6% lower than in 1990[10].

Road vehicles produce the most GHG emissions across the transport sector, with cars and taxis emitting 61% of road transport emissions in 2019 compared with 18% from HGVs and 17% from vans.

Through the Climate Change Act, the UK has a legally binding target to reach Net Zero by 2050. On the pathway to Net Zero, the Climate Change Act sets out five-year Carbon Budgets that must be achieved. In April 2021, the UK government accepted the Climate Change Committee's recommendation to set the Sixth Carbon Budget at a 78% reduction by 2035.

A holistic approach to policy making

All modes of logistics transport are of crucial importance to moving essential goods and services. Road, rail, air and water transport are faced with significant opportunities and challenges to decarbonise and reach Net Zero. The government must develop a holistic approach to policymaking to maximise the use of low carbon fuels and enable technology development and operator investment to reduce GHG emissions as quickly as possible. Moving freight from the road to rail or water will also play an important role in helping lower emissions.

Road logistics

Road transport is fundamental to UK freight and logistics. Across the country, food and drink, medical supplies, construction materials and everything in between is moved by HGVs and vans. Even goods moved by air, rail and water will almost always still need to be transferred by a road vehicle at some point.

As a significant proportion of transport GHG emissions are produced by road vehicles, this mode of logistics needs greatest focus. Although significant challenges remain to decarbonise HGVs and vans, technology solutions are more advanced than for rail, water and air logistics.

The size and use of all vehicles must be carefully considered to ensure commercially viable technology solutions are likely to be available by the phase-out dates for petrol and diesel vehicles set by the government.

Some vehicle uses are more complex due to reliance on power drawing ancillary equipment, for example, so more time may be needed to allow zero tailpipe emission technologies to develop that are suitable for these uses.

Low carbon fuels are likely to provide the best interim solution to ensure emissions reductions are still achieved.

Given the nature of commercial vehicles, moving to zero tailpipe emission technologies presents a significant challenge as they must be able to perform all the same functions and operations as effectively as their diesel equivalents, in a cost-effective way for businesses.

Real-world mileage range of battery electric vehicles, for example, is a concern as some commercial vehicles operate 24/7 with limited stoppage time, or they work in locations that have limited access to alternative power sources for recharging. Payload, which is the maximum load a vehicle can carry, must also not be compromised to ensure vehicles are used as productively as possible to reduce the overall number of vehicle journeys.

8 2019 UK Greenhouse Gas Emissions
9 2019 UK Greenhouse Gas Emissions
10 2019 UK Greenhouse Gas Emissions

Moving to ultra-low and zero tailpipe emission vehicles

To reach Net Zero, the logistics industry must gradually transition to zero emission road vehicles by 2050. As well as no emissions at the tailpipe, we must address all lifecycle emissions, including those created during the manufacturing process and through generating the fuel needed to power them.

Currently, the government defines ultra-low emission vehicles (ULEVs) as those that are reported to emit less than 75g of carbon dioxide (CO_2) from the tailpipe for every kilometre travelled. In practice, the term typically refers to battery electric, plug-in hybrid electric and fuel cell electric vehicles[11].

In 2020, the market for ultra-low emission vans was 2.1% of all new registrations, which has continued to grow in 2021[12]. In contrast, only 16 ultra-low emission HGVs were registered, which demonstrates the scale of the challenge of transitioning the market to meet the government's Net Zero target.

According to the Society of Motor Manufacturers and Traders (SMMT), market penetration of alternatively fuelled and zero tailpipe emission powertrains for commercial vehicles is currently around 14 years behind that of cars[13].

Ultra-low emission vehicle registrations for 2020 (numbers of vehicles)

New registrations	2019	2020	2020 % increase	2020 % of all new registrations
	72,853	171,068	135	10.3
	3,625	6,208	71	2.1
	19	16	-16	–
	121	317	162	6.1

Source: Vehicle Licensing Statistics: Annual 2020, DfT, May 2021

A clear pathway for future investment

Logistics operators need clarity and certainty over the right technology solution, or mix of solutions, so they can confidently invest in these vehicles in the future, with the right supporting infrastructure in place for them to operate them. They must also be commercially viable, given logistics businesses generally operate on very low margins. Indeed, in 2020, road operator margins decreased to just 1%[14].

Transitioning to zero tailpipe emissions will be achieved through battery electric powertrains for many van fleets.

The market for electric vans is developing, with the technology more readily available for these vehicles compared with HGVs.

Operators already investing in battery electric vans report more limited options, particularly for larger vans, but new models are now coming to market.

For some vans, there may be a role for low carbon fuels or hydrogen, especially for larger or more specialist vehicles.

For HGVs, the picture is more uncertain. For lighter HGVs that travel shorter distances, the right solution may be battery electric, with some vehicles already being developed.

For larger, long-haul HGVs and those that carry heavy loads, the solution is yet to be determined. Battery electric, electric road systems and hydrogen solutions are all being explored.

Until operators have a clear understanding of what the right commercially viable solutions are, and the right supporting infrastructure is in place, they cannot begin to plan investments using these technologies. To help lower their emissions, operators are exploring and investing in low carbon fuels.

Finding the right technologies for operators

Future technology solutions to reach zero tailpipe emissions can be daunting for an operator that is experienced in the use of diesel vehicles. This will be a significant transition that will take decades to fully complete, but the right policies are needed now to help drive change and technology developments.

To help determine the right solutions for long-haul HGVs, we support the government's zero emission road freight trials to help identify which technology, or mix of technologies, will be the right solutions for the UK. We are keen to see the results of large-scale trials of these technologies with appropriate government funding committed to support them, with certainty provided by the mid-2020s.

11 DfT and DVLA, statistical data set (VEH01), 2016

12 DfT and DVLA, statistical data set (VEH01), 2016

13 SMMT, Fuelling the Fleet: Delivering Commercial Vehicle Decarbonisation 2021

14 Logistics UK, Logistics Report 2021

In 2020, there were just over 2.1 million HGV movements to Europe, highlighting the importance of ensuring technology solutions can operate for these journeys to and from the continent. Engagement and findings from other countries is therefore crucial as we move forward.

Battery electric

Battery electric vehicles are the most advanced zero tailpipe emission technology, with many van models now on the market. These vehicles are powered by a battery that is charged from the mains. There are also some plug-in hybrid vans, which combine a battery and an internal combustion engine, as well those that have a battery and onboard internal combustion generator, which are known as range-extenders[15].

Some smaller battery electric HGVs are in development. It is unclear, however, if battery electric is a viable solution for heavier, long-haul HGVs, unless they are supported by electric road systems. As with all possible technologies, the electricity needed to support road vehicles must come from renewable sources in order to reach Net Zero. The UK government has now committed to all of the UK's electricity coming from renewable sources by 2035[16].

Battery sustainability

Operators have expressed concern over how to sustainably manage batteries at the end of their useful life in vehicles. Clear information about how to reuse, recycle and dispose of electric vehicle batteries must be provided.

Electric road systems

Electric road systems offer significant potential for decarbonising long-haul, heavier HGVs. Electric road systems, as have been trialled in countries such as Germany and Sweden, offer a separate lane for battery electric HGVs that charge via catenary systems as they drive. The battery in the vehicle can be smaller due to the charging that is offered along most of its journey, thereby minimising payload reduction from heavy batteries.

Concerns exist around the cost and disruption of installing the infrastructure needed, alongside issues such as implications on vehicle height and contingency planning for disruption on those roads with the catenaries.

The strategic road network will be a priority for the development of infrastructure to support commercial vehicles, but we need a long-term plan to ensure infrastructure will be accessible for all zero tailpipe emission vehicles, including in the most remote locations.

Hydrogen fuel cell

Hydrogen fuel cell vehicles, also known as fuel cell electric vehicles (FCEVs), are powered by electricity that is generated on board the vehicle from hydrogen gas passing through a fuel cell stack[17]. According to SMMT, there may also be a role for hydrogen as a fuel to power internal combustion engines directly in certain cases[18].

Hydrogen vehicles could have an important role to play in decarbonising road transport, as they can travel long distances and be re-fuelled in a similar way to diesel equivalents. To ensure Net Zero is achieved, they will, however, need to only be powered by green hydrogen in the long term – that is, hydrogen only generated through renewable energy. There are concerns around the use of hydrogen given it is energy intensive to produce and non-renewable forms may be used until green hydrogen is available.

For hydrogen to be viable for logistics operators, there would need to be plentiful refuelling stations across the UK.

Adapting vehicle weights for new powertrains

Zero tailpipe emission and alternatively fuelled powertrains are often heavier than internal combustion engines and can therefore lead to vehicle payload becoming compromised. Although battery innovation may lead to lighter batteries, the desire for increased vehicle mileage range may negate this weight saving, therefore we must assume heavier vehicle weights will continue.

Maximum permissible weights for commercial vehicles must reflect this to avoid operators needing an increased number of vehicles to meet their requirements. Gas and hydrogen vehicles do not face the same weight challenges but are limited by current rules around vehicle dimensions, so government should consider what changes could be made to support these vehicles coming to market.

The long-term shift to new technology powertrains must also be reflected in the UK's regulatory framework. Where they are currently referred to as 'alternatively fuelled', this has led to temporary derogations being needed. We must therefore design a regulatory framework to reflect that these zero tailpipe emission powertrains will be the norm in future years, rather than requiring bespoke legislation.

Delivering the infrastructure to power the vehicles

The energy and infrastructure needed to support the transition to zero tailpipe emission vehicles is of interest

15 SMMT, Technology & Innovation, Ultra Low Emission Vehicles (ULEVs) 2020

16 BEIS, Plans unveiled to decarbonise UK power system by 2035, 2021

17 SMMT, Hydrogen Fuel Cell Electric Vehicles guide 2019

18 SMMT, Fuelling the Fleet: Delivering Commercial Vehicle Decarbonisation 2021

and concern for our members. Without it, operators simply will not be able to make the transition to these technologies at scale.

Whether the future solutions are battery electric, electric road systems or hydrogen, all require substantial infrastructure investment and energy capacity. We therefore need targets for infrastructure development, to ensure the phase-out dates for petrol and diesel vehicles can be met.

We believe it is crucial that a plan is in place to ensure that recharging and refuelling infrastructure is delivered to cater to all vehicle types at the right time and in the right places, which would help operators confidently transition to zero tailpipe technologies. For HGVs, this planning must start now as part of the zero emission road freight trials.

As we see more electric vans come to market, we need to ensure chargepoints are suitable for commercial vehicles. For this, we need:

- **Larger parking bays**

- **More rapid charging**

- **Suitable home charging**

- **Longer cables**

- **Simple billing systems**

- **Clear and unobstructed signage to chargepoints**

At the time of publication, the following infrastructure exists in the UK:

- Over **26,000** charging devices, including just over **4,800** rapids[19].
- **11 hydrogen** refuelling stations[20].

Due to the nature of commercial vehicles, depots will have a crucial role to play for vehicle recharging and refuelling.

Currently, businesses will often have their own fuel supplies at their depots, ensuring continuity of supply and limited downtime for vehicles. As well as diesel, some operators will have on-site supplies of alternative fuels, such as biomethane.

For diesel commercial vehicles, if refuelling is required en route or operators don't have their own fuel bunkers, options to refuel are currently plentiful with limited downtime. Operators need confidence in the same plentiful infrastructure for alternative fuels.

The need to increase energy capacity

Substantial grid reinforcement and power upgrades will be needed over the coming decades to support an increased reliance on electricity to power new vehicles. It is important that low regret options are acted upon now in order to avoid future delays. For example, as energy infrastructure is increased along the strategic road network to support charging for electric cars and vans, this should include possible future requirements for other road vehicles, including HGVs. This will avoid further cost and disruption in the future.

Steps to enable power upgrades

As some operators are currently in the process of electrifying their van fleets, they are already facing challenges with the cost of installing charging infrastructure at their depots, alongside the additional cost if it requires a power upgrade to enable it to have sufficient energy supply. Costs of over £1 million have been reported and it is often not commercially viable, especially if premises are leased. In this instance, if the business relocated, the infrastructure would remain and, in some cases, may even be removed by the landlord, resulting in no further benefit to the business from the investment they had made.

How much new infrastructure do we need?

The estimated amount of infrastructure needed to support zero tailpipe emission vehicles currently varies.

For HGVs, the Climate Change Committee has estimated that for a hydrogen-based switchover, 800 refuelling stations would be needed by 2050, while electrification would need 90,000 depot-based chargers for overnight charging.[21]

19 Zap-Map, EV Charging Stats 2021

20 Driving Electric, UK hydrogen fuel stations for filling up a hydrogen fuel-cell car 2021

21 Climate Change Committee, Net Zero – The UK's contribution to stopping global warming, May 2019

Midlands Connect has estimated that in the Midlands alone, the cost to install the recharging and refuelling infrastructure required by the freight industry by 2040 could be as high as £800 million. We welcome the work they have undertaken to already scope out where these new refuelling stations could be located.[22]

Power upgrades are even more likely to be needed if operators switch to battery electric HGVs in the future, as these vehicles will have larger batteries that will need more power for charging. If fast charging is required, then this will increase the power demand further.

To overcome these challenges, we need:

- A **fair and equitable apportionment** of the costs of increasing energy supply to commercial vehicle operators' premises. Operators already have to pay for both the cost of the vehicles and the charging infrastructure, so power supply increases must be more affordable.
- A **strategic approach to grid network upgrades**, with expected milestones showing the incremental percentages of registered vehicles that need to move to electric, and outline costs of the upgrades required to reach those milestones.
- **Greater flexibility** that allows consumer choice on when they can access the network, particularly if this is at a reduced cost.
- A **public spending programme**, alongside changes to the **regulatory framework** that distribution network operators work within to provide a clear structure of who is responsible for funding upgrades to increase electricity supply.

Helping operators switch to low carbon fuels

What are low carbon fuels?

Low carbon fuels have reduced GHG emissions, and include:

- Bioethanol and biodiesel, which are biofuels blended with petrol and diesel at different levels.
- 'Drop-in' biofuels, such as hydrotreated vegetable oil (HVO).
- Biomethane, which can be used in dedicated gas vehicles.
- Hydrogen.

It is widely recognised that low carbon alternative fuels have a crucial role to play in decarbonising road transport. In the government's Transport Decarbonisation Plan, it states that "low carbon liquid and gaseous fuels – predominantly biofuels deployed in road transport – deliver about a third of all domestic transport carbon savings under current carbon budgets". The government's stated strategy is to use low carbon fuels across transport in a way that achieves maximum GHG savings.

Logistics UK supports the use of low carbon fuels for road transport, given their ability to immediately lower emissions from both new vehicles and those already in the existing fleet. This is particularly important for HGVs, given that the zero-tailpipe emission solutions are yet to be developed. Furthermore, it will take substantial time for these vehicles to make up the majority of vehicle fleets due to the investment and the time needed to fully transition.

Our members have highlighted concerns around a possible skills shortage for technicians able to work with alternative fuels. Operators need certainty that repairs to both vehicles and infrastructure can be undertaken, alongside ongoing maintenance and servicing.

Drop-in fuels, such as HVO, are particularly appealing to operators as no additional infrastructure or investment is needed. Some operators have also already begun investing in biomethane as a diesel alternative, given the immediate reductions in emissions that can be offered. However, barriers to adoption include the increased cost of these fuels compared to diesel, uncertainty over future taxation and incentives, and lack of refuelling stations within geographical reach to support their use.

Zemo Partnership's report on *'Market Opportunities to Decarbonise Heavy Duty Vehicles Using High Blend Renewable Fuels'* highlights:

HVO can have GHG emission savings of 85% compared to diesel.

Over long-haul duty cycles for both Euro VI CNG and LNG vehicles, 85% and 71% GHG emission reductions respectively have been achieved compared to a diesel Euro VI truck.

To help overcome these barriers, we need:

- More **engagement with the logistics industry** on the role of low carbon fuels to understand the benefits and barriers of their adoption.
- The **tax system to fully incentivise** the use of low carbon fuels during the transition to fully zero tailpipe emission HGVs. This has worked well in Sweden, where a tax exception has been introduced for certain biofuels for use as a motor fuel or in heating, leading to a significant uptake in their use[23].

22 Midlands Connect, Alternative Fuels: Beyond Fossils, June 2021

23 European Commission, State aid announcement

- Certainty that the current **gas duty differential** will extend beyond 2024, when it could be reviewed. This continued uncertainty means operators are nervous about investing in gas vehicles that can significantly reduce emissions immediately.

Fiscal incentives to help overcome higher costs

Where ultra-low or zero tailpipe emission vehicles are available, they are significantly more expensive than the cost of diesel equivalents. The government offers plug-in grants to help towards this increased cost of acquisition.

Sudden changes to the grant criteria impact business planning and investment decisions. Long-term certainty on the future of the plug-in grants is needed, with complimentary fiscal incentives required to help lower the total cost of ownership of these vehicles for operators.

For road fuel alternatives that can offer emissions reductions, we support fuel duty being removed to drive faster uptake. Any incentives should apply for the lifetime of the vehicle at its point of sale, to help support operators' business cases and allow time to transition.

The role of planning policy

We need a planning system that supports logistics needs and can support reaching Net Zero. This includes policies that:

Safeguard land used for warehousing and depots along arterial roads, at rail terminals, and canal and riverside wharves to enable modal shift.

Protect urban logistics centres so they are not pushed further out of towns and cities, increasing the distance freight vehicles need to travel, increasing emissions, and limiting freight vehicles' connections.

It is widely recognised that as petrol and diesel vehicles are phased out over the coming decades, this will reduce and eventually eliminate tax revenues from fuel duty, with the possibility of road user charges being introduced. Long-term certainty is needed over the future of taxation changes to overcome business hesitancy and to aid long-term investment decisions.

Maximising all logistics transport modes

Rail freight

Rail freight is key for the UK's transport efficiency and provides a significant carbon reduction via modal shift, from the road.

We support the government's plans for a growth target for rail freight, a commitment to incentivise the take-up of low carbon traction and a pledge to pursue infill electrification schemes for freight decarbonisation. There is a strong investment case for the electrification of additional rail routes, which link between or into routes that are already electrified, thereby creating opportunities to run electric freight trains over long distances.

One freight train can take up to 76 HGVs worth of goods off the road, reducing emissions, congestion, noise and improving air quality across the UK.

To fully deliver the environmental benefits of rail freight, we need:

- Continued funding for **rail enhancements** via the Strategic Freight Network suite of projects. A pipeline of enhancements with secure funding will give freight operators, which are all privately owned and funded, the confidence to plan, recruit and invest.
- Continued commitment to **High Speed 2** (HS2) across all phases to enable additional capacity for rail freight on the existing network. Released capacity because of HS2 should allow additional freight access to conventional passenger lines.
- Extra funding for the **Mode Shift Revenue Support Scheme** to enable additional services to benefit, and a review of the funding criteria to include carbon, as well as congestion benefits. Exiting the EU may offer the opportunity to increase the range and scale of mode shift grants on offer, allowing a step change in rail freight service start-ups in the UK.
- Reintroduction of the **Freight Facilities Grant scheme** to provide capital investment for rail (or water) freight projects that achieve environmental benefits. Previously available across the UK, these funds are still available in Scotland and Wales. The Scottish government has recently used this fund to develop additional rail capacity at a major aggregates facility to facilitate modal shift[24].
- **Research and development funding** to support innovation in rolling stock for freight users. Hydrogen and battery powered passenger trains are in development, but further support is needed for freight trains to enable the development of low-carbon alternatives for long, heavy freight paths.

24 Tarmac: Grant for improved freight infrastructure

Air freight

Air freight is a crucial element of logistics in the UK, currently accounting for 40% of UK imports and exports by value. UK airport capacity is a limiting factor for UK importers and exporters, air freight operators and the British economy but we must reduce emissions to address climate change. We therefore need sustainable growth at Heathrow and other airports, promoting a balanced approach to environmental issues.

Work is already underway with airlines continuously upgrading their fleets. New planes are much more fuel-efficient and have quieter engines. The use of biofuels or jet fuel created from energy from waste is increasing and ground operations are moving quickly towards becoming carbon neutral. The industry is constantly addressing environmental concerns and using innovative solutions to decrease waiting times for planes through digital platforms, making operations more efficient.

We support proposals from the government to develop sustainable aviation fuels and zero emission flights, which can help the UK become a global hub for low-emission aviation.

Water freight

A commercial water vessel can carry up to 1,500 tonnes of goods - 75 HGVs worth.

The UK has a superb maritime and ports sector. 90% of goods coming into the UK arrive by sea and 15% of domestic freight is moved by water. With excellent maritime facilities nationwide, ensuring ports and wharves have good road and rail connections can support environmental goals and regional development.

With more effective government support to promote modal shift, and policy frameworks that protect and expand our inland waterway freight infrastructure, these modes could grow even further to reduce pressure on our congested roads. To achieve this, the government should refresh the Port Connectivity Study to highlight where additional intervention is required.

Inland waterways are also a vitally important, but often overlooked, transport mode. Freight on the Thames and the Manchester Ship Canal is growing, but more could be done to boost freight on the canal network.

The government should use the periodic funding settlement for the Canal and Rivers Authority (CRA) to ensure that the CRA directs a sufficient proportion of investment to its strategic canal freight network, such as waterway links between the Port of Humber and the city of Leeds.

About Logistics UK

Logistics UK is one of the biggest business groups in the UK, representing the entire logistics industry. Its role, on behalf of over 18,000 members, is to enhance the safety, efficiency and sustainability of freight movement across the supply chain, regardless of transport mode. Logistics UK members operate over 200,000 goods vehicles – almost half the UK fleet – and some 1,000,000 liveried vans. In addition, they consign over 90% of the freight moved by rail and over 70% of sea and air freight.

18,000 members make us one of the biggest business groups in the UK.

Our members consign over **90%** of rail freight and **70%** of UK exports by sea and air.

We train over **10k** people every year.

Our members operate **over half** of the UK lorry fleet.

We handle over **50,000** queries from our members every year.

300+ staff and associates are here to support the industry.

Over **200,000** heavy goods vehiclesare controlled by our members.

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