Phasing out sales of new petrol and diesel cars from 2030 and supporting the zero-emission transition

18 February 2025

Summary

- Logistics UK members remain fully committed to decarbonising, but significant barriers are preventing many of our members from being able to adopt zero tailpipe emission vans. The most common concerns our members raise are related to increased vehicle costs, lack of public charging/refuelling infrastructure, cost and time to install infrastructure at operating sites, loss of payload and regulatory burdens.
- It is critical government works more closely with the logistics industry to understand concerns, address barriers and give operators more confidence to invest.
- The government must keep the mandate under continuous review and address any unintended consequences.

About Logistics UK

Logistics UK is one of the country's largest business groups, and the only trade association which represents all of logistics. Our mission is to support, shape and stand up for a safe, sustainable and efficient logistics sector. Our membership of more than 20,000 includes global, national and regional businesses and SMEs spanning road, rail, inland waterways, sea and air as well as the customers of freight services, such as retailers and manufacturers. We deliver services, representation and thought leadership, helping members and policy makers to seize new opportunities for the sector and the economy as a whole, right across the country.

The logistics sector

Logistics underpins our economy and is fundamental to our way of life. It supplies our hospitals, schools, factories, construction sites, shops and homes with everything they need, everywhere, every day – nothing moves without it.

The efficiency of logistics and the productivity of the economy are completely intertwined. Due to this relationship, Oxford Economics found in 2023 that getting the policy and infrastructure environment right for logistics would unlock up to £8 billion a year in productivity-led growth by 2030.

However, we are not currently going in the right direction. The UK fell from 4th to 19th place in the World Bank Logistics Performance index over the past decade, largely as a result of border friction and underinvestment in transport corridors.

Logistics is a major sector in its own right. It contributes £185 billion to the economy each year (12% of UK non-financial GVA), is one of the UK's largest employers, providing good jobs with strong career progression – 2.7 million people (8% of the UK workforce) are employed in logistics roles, and its key hubs provide a catalyst for further growth and investment, helping places to thrive.

Logistics has transformed the UK and is now delivering for the future. It helped deliver the country's canals, roads, railways, airports and ports, has driven revolutions in global trade and e-commerce and is now innovating to deliver decarbonisation and even greater efficiency.

Consultation response

Logistics UK welcomes the opportunity to respond to the consultation on phasing out sales of new petrol and diesel cars from 2030 and supporting the zero-emission transition. Given the largely technical nature of this consultation and Logistics UK's focus on commercial vehicles, we have only responded to questions that are relevant to logistics operators.

Logistics UK members remain fully committed to decarbonising, but significant barriers are preventing many of our members from being able to adopt zero tailpipe emission vans. The most common concerns our members raise are related to increased vehicle costs, lack of public charging/refuelling infrastructure, cost and time to install infrastructure at operating sites, loss of payload and regulatory burdens.

Decarbonising some operating use cases presents particular challenges due to a lack of viable alternatives, for example long distance logistics, operating in rural areas or where specialist equipment is needed. Overall, many members lack confidence that zero tailpipe emission vans are currently commercially and operationally viable to adopt into their fleets.

This presents a significant challenge as the zero emission vehicle mandate targets increase significantly in the coming years. It is critical government works more closely with the logistics industry to understand concerns, address barriers and give operators more confidence to invest. As committed to previously, government must keep the mandate under continuous review and address any unintended consequences.

Question 5: Do you agree with the Government's intention not to establish a technological definition for the specification of new non-ZE vans that may be sold from 2030? Please explain your answer.

Yes, Logistics UK agrees. As outlined in the consultation, the van market is very different to that of cars, far less mature and with very few hybrid options. Establishing a technological definition would therefore not be of benefit and could create further complexity.

Question 6: What are your views on establishing a CO_2 requirement for vans from 2030? What is your preferred measure, if any, and at what level should the target be set? Please explain your answer.

Logistics UK does not support establishing a CO_2 requirement for vans from 2030. Our members are concerned this would create further complexity when the mandate already sets ambitious targets for the uptake of zero tailpipe emission vans on the pathway to 2035. It would be particularly detrimental if it further reduced our members' access to the full range of vehicle types that they need to undertake the full range of logistics use-cases, such as long-distance operations, rural logistics or transporting or operating specialist equipment. Keeping maximum flexibility should also enable much needed innovation in the van market to provide operators with the maximum vehicle choice possible.

Question 7: What would be the impact to the economy and to UK society of any new or additional non-ZEV CO_2 requirements in the van sector from 2030? Please explain your answer and provide evidence where possible.

Logistics underpins our whole economy and, as such, the costs of logistics are ultimately borne by everyone. As a result, creating extra costs for logistics businesses or reducing their efficiency risks causing inflation and hampering economic productivity.

Logistics UK members are concerned that any further CO_2 requirements could be particularly detrimental if it further reduced their access to a range of vehicle types given certain models and use-cases present a particular challenge to switch away from diesel. Our sector operates on very tight margins and adopting unsuitable vehicles could result in more vehicles being required or older vehicles being held onto for longer, pushing additional costs on business, wider

society and hampering productivity. Focus should remain on addressing the barriers to the adoption of zero tailpipe emission vans. As committed to previously, government should keep the mandate under continuous review.

Question 8: What are your views on current measures to support demand for zero emission vehicles? What additional measures could further support the transition?

While Logistics UK welcomes the demand side measures that have been implemented by government over recent years, significantly more focus has been on the car market transition compared to that of vans. Commercial vehicles are acquired and used in a significantly different way to cars, and zero tailpipe emission vans must be commercially and operationally viable for an operator to be able to adopt them into their fleets.

Some of our members have acquired battery electric vans or are intending to in the coming years but significant barriers remain that are preventing a more widespread or swift transition. Barriers identified by our members include increased vehicle costs, lack of public infrastructure, the time and cost of installing infrastructure at logistics operating sites, loss of payload, unsuitable vehicles for certain operations and regulatory burdens. Of our members that have adopted battery electric vans, some highlight that to date they have focussed on vehicles where it is operationally viable but now, they are unable to progress further as there are not suitable vehicles for certain use cases or there is not the required supporting infrastructure.

One significant impediment to the uptake of electric vans has been that they can face higher regulatory burdens than diesel vans of the same size, in the areas of roadworthiness testing, drivers' hours and tachographs, training, speed limits and towing. This is largely a result of electric vans being heavier than their diesel counterpart due to the weight of the batteries, which pushes them into a different vehicles class. We strongly welcome the consultation published by the Department for Transport (DfT) on zero emission vans and regulatory flexibilities and we urge the DfT to deliver this regulatory alignment quickly.

To enable more operators to adopt zero tailpipe emission vans in the coming years, Logistics UK is calling for additional measures:

Depot charging and energy infrastructure:

- Significant strengthening of power infrastructure to support charging.
- A fair and equitable approach for funding electricity asset extensions to enable the expansion of on-site charging for commercial EVs.
- Reforms to planning to reduce the time it takes to install charging infrastructure at depots.
- Transparency on available grid capacity to help inform investment decisions, together with DNOs adopting common approaches to costs and service agreements, as well as increasing their own capacity and accepting load balancing options.
- Expand the RTFO to include renewable electricity to accelerate the deployment of charging infrastructure by improving its commercial viability, fostering competition, and driving down costs through greater market participation.

Public charging:

- An immediate uplift in the number of public chargepoints that can be used by battery electric vans, and recognition of the future needs of battery electric trucks which is vital to give the logistics sector the confidence to invest in zero emission at the tailpipe vehicles.
- An electric charging and refuelling infrastructure roadmap designed with businesses to work for logistics vehicles, backed with clear guidance and incentives for local authorities. This includes chargepoints designed with sufficient space for logistics vehicles and fast charging points to enable operators to maximise the efficiency of fleets.
- A centralised and standardised public chargepoint system operating to high reliability standards, including a standardised booking system for public charging points, a standardised approach to payment systems, a standard Service Level Agreement for charge post operability/charge up time.

Incentives:

- Sudden changes to plug-in vehicle and chargepoint grant schemes to be avoided where possible to support better business planning and provide certainty for operators.
- Amendment of the qualifying criteria for the 100% tax deductible annual investment allowance for capital spending in the year of expenditure, to include vehicles acquired via leasing or hiring, and clarify the usage of the allowance to investments in both buildings and equipment, including costs associated with increasing electricity supply at commercial vehicle premises.

Question 11: What is your opinion on exemptions for Special Purpose Vehicles from the 2030 requirements for cars and vans?

Logistics UK supports the exemption for Special Purpose Vehicles from the 2030 requirements for cars and vans.

Question 15: Are there other flexibilities that should be considered within VETS for cars and vans?

Logistics UK supports maximum flexibilities for manufacturers as part of the ZEV Mandate for cars and vans to support the transition to 2035 and to enable manufacturers to continue to offer the range of vehicle options our members require. However, it is important that flexibilities between the car and van market do not result in more limited model options for vans.

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