Clearing the roadblocks: why EU policy is hampering the decarbonisation of commercial road transport – and how we can turn the corner

A position paper from FCE[1]

November 2025

Europe is no longer on track to meet the Paris Agreement or the 1.5°C pathway. For commercial road transport (CRT) – one of the hardest-to-abate sectors and a backbone of the EU economy – this reality demands more than incremental adjustments. It requires a fundamental re-examination of whether the current EU policy framework can deliver rapid, coherent and economically viable decarbonisation. Today, it is not.

Despite the ambitions of the Green Deal, **CRT emissions continue to rise**, zero-emission truck uptake remains marginal, and infrastructure deployment is far behind what is required. At the same time, small and medium-sized enterprises (SMEs) – which make up 80% of the sector – face escalating costs, inconsistent incentives, fragmented rules and investment uncertainty. These challenges are compounded by **a regulatory environment that is neither technology-neutral nor coherent** across directives, regulations and national implementation. The result is a system that is failing to mobilise the full range of available decarbonisation solutions and failing to deliver meaningful emissions reductions.

◊ The EU must stress-test the effectiveness and coherence of its transport policy framework

Current instruments – CO_2 standards for heavy-duty vehicles (HDVs), the Renewable Energy Directive (RED III), the new emissions-trading system (ETS2), taxation rules, infrastructure legislation and CountEmissionsEU – **operate in silos and often contradict one another. Tailpipe-only CO_2 accounting forces a single technological pathway**, while other EU frameworks recognise the value of **Well-to-Wheel (WTW) accounting** and sustainable renewable fuels. A comprehensive stress test is essential to identify these contradictions, assess real-world feasibility, and determine whether the existing trajectory is compatible with Europe's climate targets.

◊ Decarbonisation is being held back by structural barriers, not by a lack of ambition

The dominance of diesel persists because of **high upfront costs for zero-emission trucks, limited grid capacity, insufficient charging and refuelling infrastructure for HDVs**, and wide disparities in energy prices across Member States. Without addressing these systemic constraints – and without aligning

[1] This position paper provides a summary of the full-length version—containing more detailed analysis and recommendations—available for download on the FCE website.

incentives across the transport value chain – operators cannot shift at the pace required. For SMEs in particular, today's policies create risk rather than opportunity.

◊ The EU needs a coherent, technology-neutral, and outcomes-driven approach

All viable decarbonisation pathways must be allowed to contribute – battery-electric, hydrogen-based solutions and sustainable renewable fuels that deliver immediate and verifiable reductions. A **technology-neutral, WTW-based framework** would reduce distortions, strengthen the Single Market and accelerate real-world CO_2 reductions. This includes recognising the role of fleet card providers as critical digital infrastructure capable of enabling transparent, auditable emissions tracking and supporting harmonised implementation across Member States.

◊ Align policy, finance and infrastructure with operational realities

The current framework over-regulates in some areas while under-delivering in others. The EU must prioritise measures that reduce cost barriers, ensure grid and infrastructure readiness, and create stable investment conditions. **Financial support mechanisms should target the Total Cost of Ownership (TCO) gap, especially for SMEs**, and regulatory alignment must replace fragmentation. Success depends on integrating data, ensuring predictable rules and streamlining rather than multiplying legislative instruments.

A call for course correction

To unlock a credible, scalable and socially fair transition, the EU must reassess whether its current policies can deliver the emissions trajectory required – and **adjust course accordingly**. Only a coherent, technology-neutral and evidence-based framework will ensure that commercial road transport can contribute fully and reliably to Europe's climate goals.

Fleet Cards Europe (FCE) and its members stand ready to support this realignment by providing the data, digital infrastructure and sector expertise needed for effective, harmonised and measurable decarbonisation across the EU.

The CRT sector is at risk of **systemic decarbonisation failure**. Despite growing political ambition, EU policies remain **fragmented, technology-prescriptive and disconnected from operational reality**. The Commission is preparing new initiatives – most notably the Clean Corporate Vehicles Initiative – without having solved the structural flaws of the existing CO_2 regulatory framework. The current approach is misaligned, investment-discouraging and undermining Europe's climate objectives.

The decarbonisation of CRT is not simply "too slow" – it is **fundamentally off-track. Electrification alone cannot deliver the required reductions** in the 2030s, **infrastructure is critically behind schedule** and SMEs face skyrocketing costs with no guarantee of cost recovery. Meanwhile, the EU's regulatory framework ignores readily available CO_2-neutral solutions and fails to provide a **coherent WTW strategy**.

FCE calls on the European Commission to **pause and reassess its approach**. Before proposing new obligations or mandates, the EU must repair the structural flaws in existing policy design, **rebuild**

technology neutrality and implement a coherent EU-wide CO_2 accounting system. Fleet card providers stand ready to serve as the digital backbone of such a system.

Why current EU policies are hampering the decarbonisation of commercial road transport

The sector remains overwhelmingly dependent on diesel, with **93.4% of new trucks registered in early 2025 still powered by conventional combustion engines**[2]. Fleet renewal is slow, due in part to the aging truck population – averaging nearly 14 years – while declining new vehicle registrations further restrict the pace at which cleaner technologies can penetrate the market. Zero-emission trucks, although growing from a very small base, continue to represent only a marginal share of both new sales and the wider heavy-duty vehicle fleet. This limited adoption makes it unlikely that the sector will meet the EU's 2030 emissions reduction targets.

A central barrier is the **severe lack of suitable infrastructure for HDVs**. Public electric charging for trucks is almost non-existent, with only 160 truck-appropriate charging points available across the EU by the end of 2024[3]. Even if all planned infrastructure under the Alternative Fuels Infrastructure Regulation (AFIR) materialises, it would cover less than half of the electricity demand expected from electric HDVs by 2030[4]. Hydrogen refuelling infrastructure is even further behind, including the pressure standards required for trucks, compared to the 2,000 that would be needed to serve the projected hydrogen fleet in 2030[5]. This infrastructure deficit creates a self-reinforcing barrier – operators are reluctant to invest in zero-emission trucks without reliable charging or refuelling networks, and infrastructure investors delay deployment because they see low vehicle uptake.

Beyond infrastructure, three **systemic policy obstacles** are impeding faster progress. The first is the EU's failure to adopt a **fully technology-neutral approach**. Current regulations, particularly the CO_2 Standards for HDVs, rely exclusively on **tailpipe measurements**, effectively promoting battery-electric technology as the only compliance pathway. This narrow focus **sidelines sustainable renewable fuels** such as HVO, bio-LNG, bio-CNG and e-fuels, despite their ability to deliver immediate and scalable emissions reductions using existing vehicles and infrastructure. A one-size-fits-all regulatory approach is ill-suited to the operational diversity of the CRT sector and undermines the flexibility operators need to choose the most appropriate decarbonisation pathway.

The second obstacle is **regulatory fragmentation**. **EU climate and transport legislation remains poorly aligned**, with key instruments using incompatible emissions accounting methodologies. While the HDV CO_2 Standards adopt a strict tailpipe-only approach, other frameworks – including RED III, ETS2 and the Eurovignette Directive – use broader **Well-to-Wheel perspectives**. These inconsistencies generate uncertainty for operators and distort market incentives, particularly for renewable fuels, whose contribution is undervalued or ignored depending on the regulatory context. Uneven

[2] ACEA, 2025
[3] International Council on Clean Transportation, 2024
[4] European Commission, 2025
[5] ACEA, 2025

implementation across Member States further fragments the Single Market and complicates cross-border operations.

Finally, economic factors remain a major barrier, especially for the SMEs that dominate the CRT sector. The **TCO of diesel trucks is still significantly lower than that of zero-emission alternatives**. Zero-emission vehicles carry upfront purchase prices two to five times higher than diesel models. Their operating costs depend on volatile, non-harmonised energy prices across the EU, and financing remains challenging because banks perceive these new technologies as risky assets with uncertain lifespans and residual values. Without confidence in long-term infrastructure availability and without adequate financial support, many SMEs are unwilling or unable to take on the investment risk.

Together, these structural challenges – **limited technology openness, regulatory inconsistency, insufficient infrastructure and high economic barriers** – are slowing the decarbonisation of CRT and undermining the EU's ability to meet its climate objectives. Addressing them will require coordinated policy reform, improved regulatory alignment and financial mechanisms that reflect the operational realities of Europe's transport operators.

Turning the corner – Policy Recommendations

1. **Conduct an EU-wide stress test** of all road-transport decarbonisation policies to assess coherence, effectiveness and unintended consequences.
2. **Align all transport legislation under a unified, technology-neutral WTW framework**, replacing the inconsistent tailpipe-only approach.
3. **Revise the HDV CO_2 Standards Regulation** and incorporate fleet cards as a monitoring and reporting tool to verify the use of decarbonised fuels.
4. **Create a single, EU-wide CO_2 accounting system in the Renewable Energy Directive**, allowing cross-border reporting of CO_2 savings when the renewable fuel has been produced and greenhouse gas quotas have been used in another country.
5. **Shift national funding toward user-centric incentives** rather than infrastructure-focused subsidies that closes the TCO gap for SMEs with a technology-neutral approach.
6. **Implement carbon-based taxation** aligned with the actual CO_2 impact, not the energy content of the fuel.
7. **Reject mandatory fleet purchase mandates** and prioritise incentive-based, market-driven approaches.

EU transport policy is at a crossroads. Without correcting the structural flaws of the current framework, the EU risks undermining both its climate goals and the operational stability of one of Europe's most essential sectors. FCE calls on the European Commission to adopt a **coherent, technology-neutral and data-driven approach** – guided by real-world operational evidence and enabled by fleet card digital infrastructure. Only then can Europe deliver a decarbonisation pathway that is realistic, investable and socially fair.

About FCE

Whether physical or digital (e.g., via a mobile app), fleet cards are identification instruments designed specifically for business-to-business (B2B) use, offering access to a wide range of vehicle-related goods and services. Fleet card providers play a pivotal role in the CRT sector, enabling a cleaner and more efficient industry through a comprehensive suite of services. These include payment settlement solutions (e.g., fuelling – both conventional and alternative – charging, tolls, ferry fees), vehicle-related services (e.g., parking, washing, maintenance, and repair), as well as telematics, fleet management tools, and digital platform solutions that support e-mobility, sustainability, and cost optimisation.

FCE members represent a significant share of this market, comprising leading independent providers headquartered across Europe and serving the logistics, transport, and mobility sectors every day.