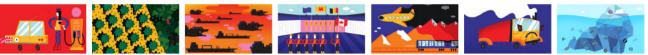
Transport is now Europe's biggest climate problem















[2016 ANNUAL REPORT]



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The car remains the dominant source of transport emissions and is responsible for 15% of Europe's greenhouse gas emissions. But despite a constant flow of new Dieselgate revelations, the signing of the Paris climate agreement, and the rise of disruptive new electric vehicle manufacturers, most of Europe's auto industry – with the help of their oil industry allies – continues to try to delay the shift to more efficient and electric vehicles. In 2016 the auto lobby proposed its "grand plan" to reduce car emissions: bold climate action by everyone else except... carmakers. The plan provided for expensive 'intelligent transport systems' and driver training. But also, as the coup de grâce, they proposed repaving all of Europe's roads with 'lowerrolling resistance surfaces' – a snip at just €520 billion, to be funded by taxpayers, of course. Quickly debunked by T&E, the plan, thankfully, went nowhere. But it was a bleak indicator of the level of the industry's climate 'ambition'.

Real action by carmakers, not hot air, is needed now. And 'real' is the operative word: in 2016 T&E <u>revealed</u> that the gap between official fuel consumption figures and what cars really emit on the road had grown to 42% on average and there had been no improvement in emissions for four years. In the case of Mercedes, the worst offender, the gap was a whopping 54%. As well as causing higher CO2 emissions than claimed, the carmakers' cheating was also costing drivers €550 more a year in additional fuel costs.



Car CO2

T&E spends a lot of time correcting the "alternative facts" of carmakers. Our new Get-Real campaign helps spread this message. But we also work with the industry. A unique T&E collaboration with Europe's second biggest carmaker, Peugeot-Citroën (and now also Opel) is proving crucial in demonstrating that real-world tests for CO2 are reliable, representative and reproducible. By measuring CO2 emissions directly from the exhaust using a portable emissions measurement system, T&E is helping PSA consumers receive representative information about fuel economy instead of manipulated laboratory test results. This helps motorists choose the most fuel-efficient, lowcarbon models. The first results revealed gaps between official and actual emissions of 40-45% - very similar to those reported by drivers in independent customer surveys and T&E's Mind the Gap report. A software tool also enables drivers to define how and where they drive to precisely estimate their emissions and fuel economy. This also shows how smoother driving can make a huge difference to their fuel use.

Meanwhile, T&E is fighting doggedly to legislate the notorious gap out of existence. After sustained pressure, governments gave in and agreed with the European Commission and MEPs to introduce a more accurate lab test for car fuel efficiency and CO2 emissions from 2017. In addition, T&E's input to scientific advice received by the Commission has reinforced our message that a complementary real-world test would discourage carmakers from manipulating the new test. It will also discourage the fitting of efficiency technology that largely performs in the lab only. Our input into technical discussions has also reduced the loopholes that were taken account when adjusting the current 95g/km CO2 targets for the new test

"The real fuel consumption of a car produced by European manufacturers is on average 42% higher than the advertised value. This comes from a study by the independent organisation Transport & Environment (T&E), that BILD received."

Bild, 21 December 2016

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But closing the gap on the combustion engine's actual emissions could only be one half of the strategy. In 2016, T&E teamed up with industry players to promote the cleaner alternative: electric vehicles. Launched in April, the Platform for Electromobility brings together major EV industry players (including Nissan-Renault, Tesla and Siemens) along with cities, public transport providers, cyclists, rail operators and civil society groups that wish to promote e-mobility. Its task is to accelerate Europe's transition towards sustainable multimodal electro-mobility. Already its impact is being felt by Europe's lawmakers: the Commission's long awaited Low Emission Mobility Strategy included steps towards a California-style mandate for manufacturers to supply ultra-low (plug-in hybrids) or zero-emission (battery electric) vehicles. Now the challenge is to secure such a mandate, which will give certainty and economies of scale to carmakers and provide Europeans a wider choice in electric vehicles, which they currently lack.

The Commission's strategy also brought another announcement that T&E had long been pushing for: 'post-2020' fuel efficiency

and CO2 standards for cars along with a mid-2020s target. The targets will help member states meet their 2030 climate targets, and spur the switch to electric vehicles. But the standards' effectiveness will depend on how ambitious the Commission will be. That's T&E's next fight.

Learn more

http://www.transportenvironment.org/what-we-do/cars-and-CO2



In <u>Frontera Invisible</u>, a 28-minute documentary made by T&E, poor farmers and indigenous people of Colombia tell of the moments when they had to flee their lands under threat of violence by paramilitaries. The world's longest armed conflict – fought between government forces, paramilitary organisations, FARC and other guerrilla groups – ended in 2016 after almost 60 years. But these moving interviews reveal a lesser known aspect: the displacement of thousands from their farms and the covering of their land with palm plantations. This is what a T&E documentary team found in the tropics when it went there to make a film about biofuels.

Meanwhile, back in Europe, the role played by EU biofuels policy in palm expansion is becoming clearer. T&E used industry data to show that cars and trucks consume almost half – 46% – of the EU's palm oil imports. This makes drivers the leading (albeit unaware) consumers of palm oil in Europe. Why does all this matter? On top of the social and human rights issues associated with palm expansion, palm oil biodiesel is on average 300% worse for the climate than fossil diesel.

Palm biodiesel is that bad for the climate because palm expansion for biofuels drives deforestation and peatland drainage in Southeast Asia, Latin America and Africa, opening carbon sinks and creating what policy wonks call indirect landuse change (ILUC) emissions. In April 2016, when the EU's long-delayed Globiom report was quietly uploaded by the European Commission, T&E quickly ran the numbers to show the greenhouse gas emissions from cultivating, producing and burning biofuels made from different feedstocks. Crop-based biodiesel scored on average 80% worse for the climate than fossil diesel, with palm oil topping the list, proving 300% worse. Soy (200% worse) and rapeseed (120%) weren't much better.

All of this increased the stakes for the reform of EU biofuels policy for the period 2021 to 2030. The Commission pledged to gradually phase out food-based biofuels in its Low Emission Mobility Strategy, published in July 2016. Months later, the proposed new Renewable Energy Directive said member states can still count a 3.8% share of food-based biofuels towards the EU-wide renewable energy target for 2030. This

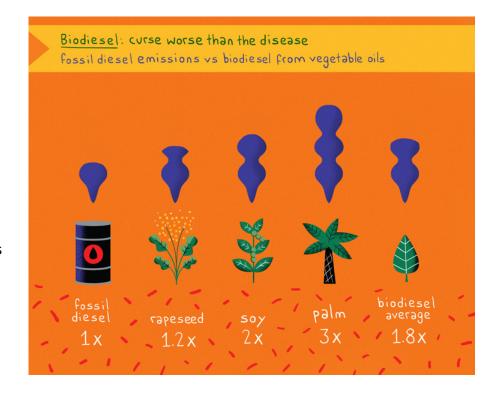
was barely down from the 4.9% market share at EU level in 2014 but significantly below the 7% cap in 2020. Again, T&E ran the numbers: though an improvement, the Commission proposal on food-based biofuels would still result in extra greenhouse gas emissions from European transport over the period 2021-2030 by an amount equivalent to the emissions from the Netherlands in 2014.

"The NGO Transport & Environment reveals that almost half of all palm oil imported in the EU is used to produce biodiesel."

El País, 11 December 2016

The proposed new directive also sets a target for advanced fuels 13 years ahead but fails to establish appropriate sustainability criteria – which suggests the Commission hasn't learned from the mistakes with first-generation biofuels where the focus on quantity over quality led to the biodiesel disaster.

But T&E is fighting back: armed with the first-hand testimonies in Frontera Invisible, it's going on the road with screenings for MEPs and national parliaments as well as the general public at film festivals. The message: due to EU biofuels policy, Europe's motorists are inadvertently fuelling palm oil expansion – with devastating environmental and social consequences.



The new Renewable Energy Directive is setting up a framework for the next decade. Now is the time to decide if we will actually decarbonise our economies with real, low-carbon renewables and clean technologies. Or we can repeat the mistakes of the past by burning biomass resources that, in fact, have negative impacts on land use, biodiversity and local communities. T&E, together with BirdLife Europe, produced the Black Book of Bioenergy, which named and shamed some of the worst examples of bioenergy doing more harm than good to the climate and the environment. From palm oil production in Colombia to biogas from food crops in Germany, the publication laid out in simple terms how current EU and national policies are compromising our future.

T&E, together with Birdlife, looked at the available evidence on sustainable biomass supplies for all energy uses and found we will only have enough to cover 80% of projected bioenergy use in 2030. So, after burning all the available sustainable wood waste, agricultural residues, manure and other organic residues, the remainder will likely be met with unsustainable wood and food crops from home and abroad. The new EU renewable

energy policy for the period 2021-2030 should be designed in a way to prevent this from happening.

Fuels

Learn more

https://www.transportenvironment.org/what-we-do/biofuels



Even when experience tells you otherwise, progress is always possible. That's the lesson from T&E's 2016 sustainable shipping campaign. While efforts to tackle the sector's climate emissions dragged on throughout the year, the International Maritime Organisation brokered a groundbreaking global deal on sulphur emissions that will prevent hundreds of thousands of premature deaths globally.

The sulphur content of ship heavy fuel oil (HFO) is up to 3,500 times higher than today's European diesel standards. The IMO unanimously agreed in 2008 that from 2020 marine fuel sulphur should be capped at 0.5%. But there was an escape clause: if an IMO review in 2018 found there would be insufficient compliant fuel available in 2020, then implementation would slip to 2025. T&E got itself on the IMO review committee and we were represented by an eminent researcher. That sparked a chain of events leading to the review finding that sufficient compliant fuel would indeed be available. Industry cried foul, releasing its own report, but the matter was put beyond doubt by a health study that T&E and NGO Seas At Risk helped bring about. 2020

implementation would prevent at least 200,000 premature deaths globally from diseases such as lung cancer and heart disease triggered by SOx pollution, according to the <u>research</u>. The <u>Guardian</u> reported the avoided deaths would mainly be in coastal communities in the developing world that barely benefit from global trade. Under this public scrutiny, the IMO meeting in October stuck with the 2020 deadline – showing that <u>sometimes</u> the right causes prevail.

"It's the first in the maritime industry history that standards on air pollution will have a real impact," said Bill Hemmings from NGO Transport & Environment.

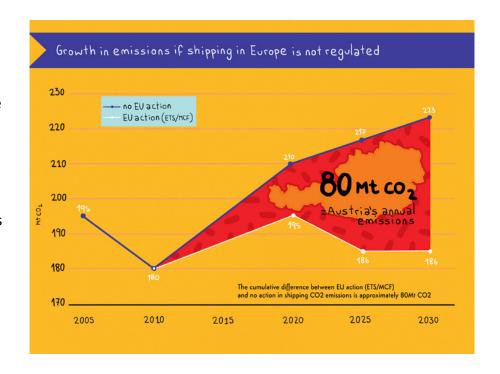
Le Monde, 27 October 2016

On climate, shipping, as with aviation, infamously escaped explicit mention in the Paris Agreement. Then, seven months later, the European Commission published its Low Emissions Mobility Strategy, which was devoid of EU ambition on cutting emissions from shipping. T&E, through the Clean Shipping Coalition, began to pile on the pressure, commissioning a joint

Efficiency Design Index (EEDI) for new ships was flawed; the baseline was weak, 10 years out of date and ships of all categories were outdoing the standard by embarrassingly large amounts. A second joint <u>study</u> found that new ships built since 2013 subject to the EEDI had performed much the same as those not covered. Moreover it was clear to everyone that there had been no uptake of new technologies.

In April the IMO's environment committee meeting made some progress towards an action plan on CO2 but final agreement was scuppered by China and the other BRICS. It became increasingly clear to T&E that the IMO would only respond to pressure. In Brussels the European Parliament was preparing to review the EU emissions trading system. T&E fostered discussion about how regional action could help the EU meet its 2030 targets as well as pressure the international process. An independent study we commissioned found that without action, the growth in emissions from shipping and aviation would undo nearly half (43%) of the emission reductions expected from road transport

through to 2030. Shipping CO2 emissions could be reduced cumulatively by 80 million tonnes by 2030 – the total annual emissions of Austria – if the sector was included in the ETS.



At the IMO's October 2016 meeting, agreement was finally reached on a renewed greenhouse gas work plan. It would span seven years. Firstly to collect data. Then examine it. Then discuss potential consequences but without any commitment

whatsoever to take action at the end. All this 20 years after the Kyoto Protocol first tasked the IMO with action. For good measure the committee abandoned its review of ship efficiency targets until 2018 at the earliest.

T&E was not unprepared. Amendments to the EU ETS review were developed to include shipping in the ETS via a Maritime Climate Fund if action at the IMO didn't materialise.

Hard work fostered cross-party support and the prospect of shipping undermining climate action in road transport was enough for EU lawmakers to vote in December to include shipping in a reformed EU ETS. The signal to the IMO was clear. A further failure after the seven-year plan would result in EU action.

Learn more:

https://www.transportenvironment.org/what-we-do/shipping

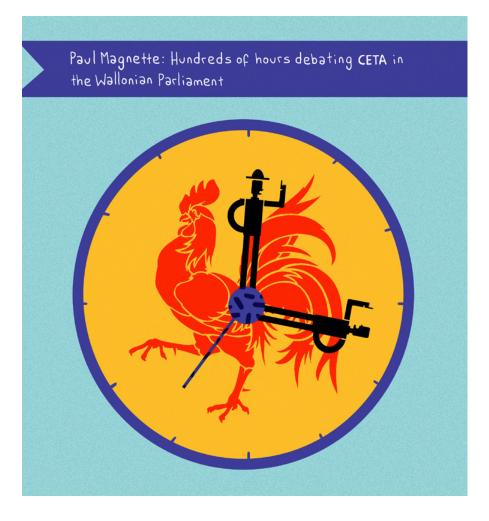


2016 may have been the first and last time in history when a trade deal like CETA was possible. All going well, our efforts, and those of grassroots movements around Europe, have made it politically impossible for the EU to again strike deals providing investors with private arbitration courts outside Europe's legal system.

Special privileges for corporations in major trade deals are a serious threat to democracy and the environment. In a report with Friends of the Earth Europe and the Sierra Club, T&E examined how the TransCanada Corporation was using investor privileges in the North American Free Trade Agreement (NAFTA) to demand USD \$15 billion from the US government following its rejection of the Keystone XL tar sands pipeline. With President Trump having just given the pipeline the goahead, the arbitration case may no longer be necessary. But the threat of enshrining such investor protections in trade deals was clear. It came at a crucial stage: the EU had just presented a new 'Investment Court System' (ICS) in talks with the US on the Transatlantic Trade and Investment Partnership (TTIP). T&E

immediately identified ICS as a mere rebranding exercise; it would resolve none of the fundamental concerns about granting special privileges for foreign investors, undermining national laws and bypassing domestic courts.

A European grassroots movement was growing fast in opposition to trade deals the EU was lining up: the Comprehensive Economic and Trade Agreement (CETA) with Canada, and TTIP with the US. The coalition of activists voiced the full range of concerns: from food quality standards to chemicals regulation. On the environment, claims that CETA would be a 'gold standard' of trade deals for the betterment of people and the planet were undermined by a toothless environment chapter that cannot be properly enforced and a tribunal system which will prioritise corporate interests. T&E analysed the agreement with legal NGO ClientEarth and found it does nothing to encourage climate mitigation measures, such as transitioning to renewable energy, as called for in the Paris climate agreement which was signed by both Canada and EU. Its International Court System would threaten measures taken in the public interest, such as national policies favouring the development of renewable energy or laws to ensure the decarbonisation of transport fuel, such as the EU's Fuel Quality Directive.



At first, the European Commission considered not giving national parliaments a say on the final deal. It was only after numerous governments – under pressure from citizens – said that their national assemblies must have a say that the EU executive relented. What happened next grabbed world headlines: the regional parliament of Wallonia, in Belgium, voted to block the Canadian deal as it stood. Having listened to civil society, the politicians of Wallonia took issue with ICS and other provisions of the deal. After a tense stand-off it won a guarantee that Belgium would be able to go to the European Court of Justice to determine whether ICS was compatible with EU law – something which the European Parliament, cowed by corporate interests, has refused to do.

CETA drew much more public criticism than the European Commission had ever imagined. ICS would be unacceptable in future agreements. The Commission is now working on a more radical solution: a multilateral investment court. It would be a full time court with properly independent judges. Though the concept is in its early stages, T&E has already offered its constructive criticism and will monitor closely what the Commission does next.

Cécile Toubeau, a member of the European Commission's TTIP advisory group, and the Transport and Environment campaign group, said: "If TTIP wants to set the global 'golden' standards it should tackle production fossil fuel subsidies, a highly trade distorting instrument, in a legally binding chapter. Without a concrete timeframe to end fossil fuel subsidies, it will be impossible to stop our oil addiction and therefore uphold the Paris deal."

The Guardian, 13 July 2016

What governments get up to

Civil society has long noted and been left frustrated by the total lack of transparency and accountability in the EU body where national governments meet – the Council. Often meeting behind closed doors, governments can do whatever they want in Brussels and then blame Brussels for everything that goes wrong, although they were at the table when it was decided. Additionally, governments will make promises to citizens on certain issues in national media, and yet in Brussels will water

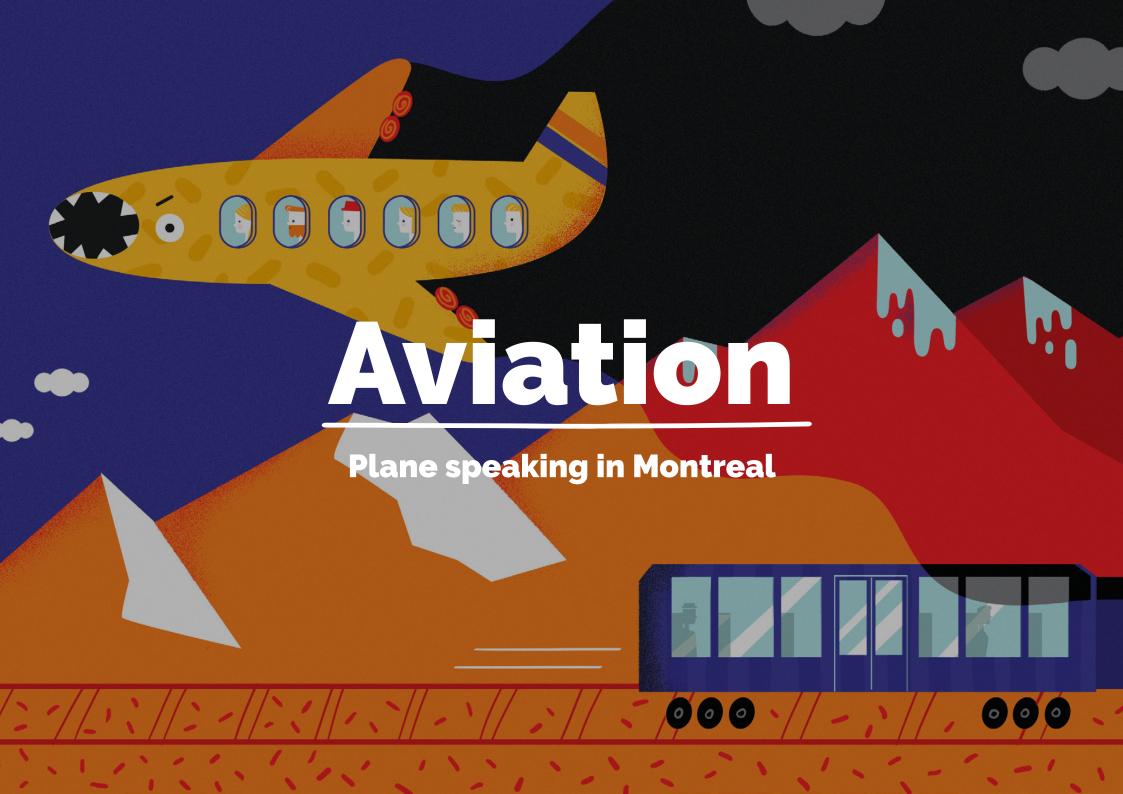
down or block the very law that could deliver on those promises.

Notoriously, in the aftermath of the VW scandal, national representatives weakened air pollution limits.

T&E's plan is to take the fight to national capitals. Based on a detailed analysis of the Council, we launched our Council strategy in 2016. By hiring a permanent national expert in both Italy (Rome) and Spain (Madrid), T&E now has staff members on the ground who will work in close cooperation with our Brussels team and our member organisations in the capitals. As an organisation, we benefit from having staff working on all T&E issues in national capitals. Our members also benefit from having a close ally working on EU issues, who could provide indirect additional capacity. Working together, we can help ensure that T&E's knowledge of what a government gets up to in Brussels doesn't stay in Brussels.

Learn more:

https://www.transportenvironment.org/what-we-do/better-trade-and-regulation



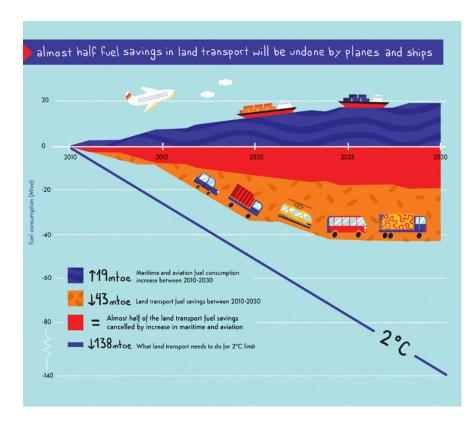
Air travel is causing an estimated 5% of global warming and its rapid growth is quite literally undercutting climate action in other areas of transport. Last year a T&E-commissioned study found that the growth in emissions from aviation and shipping will undo nearly half (43%) of the emissions reductions expected to be realised by the rest of transport in Europe through to 2030. It means that almost half of the already-inadequate emissions savings expected from land transport will be cancelled out by planes and ships.

Europe took an important first step in 2012 to put aviation in the EU ETS but, after less than 12 months, industry and foreign pressure forced the scope to be reduced to flights within Europe only. This so-called 'stopping the clock' was intended to give time for the UN aviation agency, ICAO, to act. Five years later what is being offered in return is a voluntary scheme encompassing 67 countries that requires their airlines to offset but not reduce emissions. Furthermore, difficult but absolutely essential decisions to establish environmental criteria determining the quality of the offsets to be used have yet to

be taken – with the US and industry pushing for the cheapest (read: environmentally questionable) offset programmes to be included.

T&E's strategy has always been to press Europe to act on its sovereign right to reduce its climate emissions by implementing an effective ETS, removing the counterproductive fuel tax and VAT exemptions which drive emissions growth, and stepping back from the mantra that unqualified aviation growth must be good. Unfortunately the Commission released a transport decarbonisation strategy which effectively ignored action on aviation climate change because ICAO was going to fix the problem for everyone. For T&E any global deal would represent the absolute minimum action necessary, and even then a lot of effort was expended highlighting the many weaknesses of developments at ICAO's assembly in Montreal. Many officials and member states are still living a dream; unprepared to recognise that additional regional measures are essential if the Paris climate targets are to be met.

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The road to an ICAO deal has been long, and it's not over yet.

The 1997 Kyoto Protocol called on developed states working through ICAO to limit and reduce their aviation emissions. Now, almost two decades later, agreement was reached on a "global" market-based measure exempting over 100 countries and postponing any decision on it being mandatory on the others

probably until 2027. Earlier in the year ICAO had trumpeted an agreement on a global fuel efficiency standard for new aircraft. The only problem, as T&E and its coalition allies pointed out, is that it's unlikely to have any effect on the building of cleaner aircraft and thus on the climate. The decision fell victim to commercial pressures, and allows older, less fuel-efficient models to remain in production up until 2028 – ensuring business as usual for the Airbus-Boeing duopoly.

October's agreement on a market-based measure in Montreal was also heralded by ICAO, its member states and the aviation industry. T&E's job was to make sure the world would hear the truth: the scheme will be voluntary for countries at least until 2028, and airlines from participating countries will be required to *offset*, *not reduce*, their CO2 emissions. While pushing countries to be more ambitious we explained to the world's media how offsets, if not subject to strict environmental criteria, could prove a cheap solution for airlines but a disaster for the environment if they don't really reduce emissions. 'To be clear, the 15-year agreement would not force airlines to cut their

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pollution,' <u>Bloomberg</u> bluntly reported. 'Instead, companies would compensate for any emissions growth after the accord begins in 2021 by buying credits...' The cost of those credits would be 'peanuts,' T&E's Bill Hemmings explained. 'It gets them (airlines) off the hook. Without enforced safeguards, it's a massive green-washing exercise.'

"Airline claims that flying will now be green are a myth," said Bill Hemmings of the Transport & Environment lobby group. "This deal won't reduce demand for jet fuel one drop. Instead, offsetting aims to cut emissions in other industries."

Financial Times, 8 October 2016

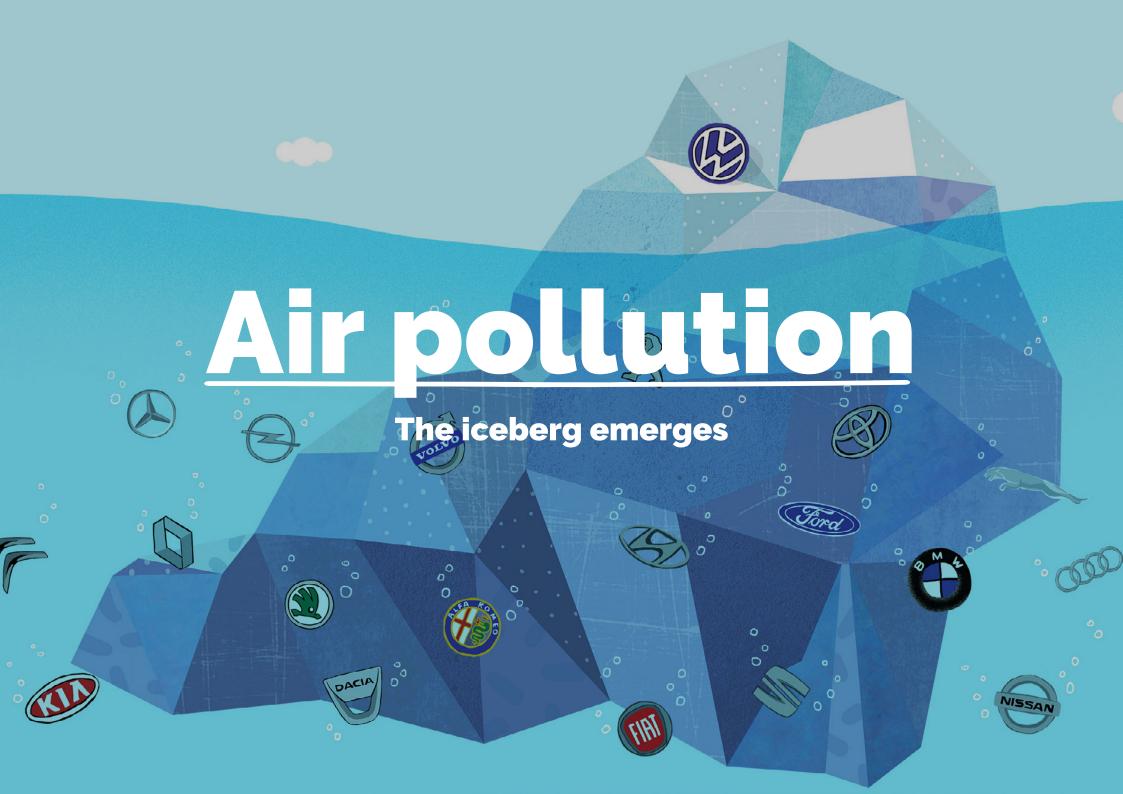
In Montreal T&E tried to make the best of a bad situation by pressing for ways to improve the weak ICAO deal while simultaneously refuting greenwashing by an industry focused on obtaining a licence to grow. After the ICAO assembly our attentions turned back to Europe as the Commission reviewed regional action in light of the ICAO result. As part of overdue reforms to the EU ETS, lawmakers looked set to agree on a declining emissions cap which would raise climate

ambition – and hopefully the price of carbon. While far from perfect, a strengthened ETS would mitigate almost <u>four times</u> <u>more emissions</u> from flights within Europe than if the ETS were to be replaced by the ICAO offsetting scheme, our study showed. Armed with this dose of reality, we won MEPs on the environment committee to our cause: aviation emissions would stay in the ETS, and with a declining cap, they said.

The year ended with EU lawmakers, at T&E's urging, proposing to bring the cap on aviation emissions into line with other sectors, as part of a reformed ETS. Enshrining this in legislation this year is one element of a process in Europe to avoid planes undermining climate action in other industries.

Learn more:

https://www.transportenvironment.org/what-we-do/aviation



What a difference a year makes. One day car industry lobbyists are insisting that their companies face too high a regulatory burden; the next their natural EU supporter, the industry commissioner, is proposing tougher EU regulations and comparing carmakers with the banks at the root of the 2008 economic crisis. In the year since the Dieselgate scandal broke, T&E has moved beyond its familiar role of advocating for tighter new air pollution targets to focusing on how those targets are enforced. That means reform of the overall vehicle testing system – a goal we have long pushed for, but to little reward. In some ways carmakers did our work for us; the constant discoveries of new industry misdeeds made the case for reform undeniable. Dieselgate had only been the tip of the iceberg which was now in full view for all to see.

The European Commission rightfully took aim at enforcement agencies. With Germany approving Mercedes, France checking Renault, the UK clearing Jaguar and Italy signing off on Fiat, what else could we expect but a Dieselgate scandal? The national type approval agencies had not only failed to catch,

or even investigate, Volkswagen cheating; they also allowed many others to systematically manipulate the tests, and allowed cars on the road that were in clear breach of the rules. The Commission's proposed reforms also provided for re-tests of cars already in use – as they have in the US, where Volkswagen was caught cheating – and recalls and fines for carmakers selling cars that do not meet standards on the road.

EU industry commissioner Elżbieta Bieńkowska made her proposal in January and was met with a typically aggrieved response from manufacturers which have always resisted regulation. Yet for the next 12 months a constant stream of news and reports made it clear why the reforms were necessary. In February, MEPs, under pressure from their national governments, which in turn were leaned on by domestic carmakers, failed to oppose the weakening of the limits for nitrogen oxide (NOx) emissions from new diesel cars agreed in late 2015. As a result, the effective new 'Euro 6' limit, 168mg of NOx per km, will be more than double that agreed in 2007 (80mg/km). From 2020, all new cars will still be allowed to emit 120mg/km.

Within a few months, the results of three government investigations into Dieselgate turned up three new defeat devices. The government probes found but ignored a 'thermal window' defeat device that switches off pollution control technology in low and high ambient temperatures outside of those prescribed in a test. A second device, a 'hot restart' defeat device, whereby the tested cars have higher emissions after warm engine restarts (compared to a cold one required by EU law), also went unpunished. An alleged third device saw some Fiat models switch off the exhaust treatment system two minutes after the lab test was completed. The Italian government continues to deny any wrongdoing by its home champion.

"Carmakers are abusing another loophole, according to Greg Archer of Transport & Enviroment, a green pressure group. Turning off emissions controls is permitted at low temperatures, to protect engine components. Yet it is also common for this to happen at balmy outside temperatures, in some cases as high as 18°C."

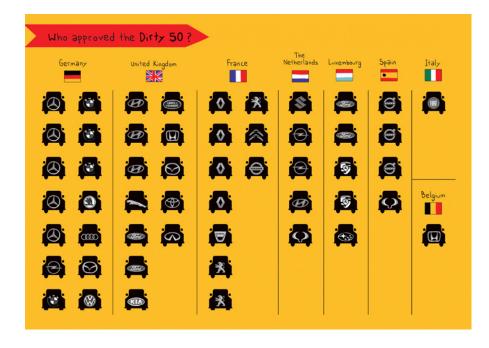
The Economist, 30 April 2016

The three investigations in France, Germany and the UK also provided T&E with a rich seam of data to mine. We compiled a 'Dirty 30' list of cars with suspicious emissions behaviour that had been allowed for sale on the EU market. Of these 30, three-quarters had been approved for sale in by the 'home' national authorities of carmakers. Some type approval authorities were asked to account for their actions at the European Parliament's Dieselgate inquiry. The evidence of the German, Italian, Dutch and Luxembourgish regulators confirmed T&E's assertion that authorities in charge of enforcing environmental and safety rules had consistently failed to do their job. As T&E's executive director told the inquiry, national enforcement of emissions standards for cars has been "virtually non-existent".

As we reached the one-year anniversary of the scandal, T&E seized the moment to reveal that not one single brand was complying with the latest air pollution limits (Euro 6) for diesel cars and vans in real-world driving. Again drawing on the government investigations, but also an independent database, we calculated that 29 million diesel cars and vans sold since 2011 were driving on Europe's roads that could be classified as 'dirty' – meaning

Air pollution

that they were at least three times over the relevant NOx limit. Minimal and often voluntary recalls have so far been agreed.



T&E also had one eye on an emerging threat to our air quality: the newest generation of gasoline direct injection (petrol) engines. Carmakers, supported by some governments, had been pushing for new petrol-engine cars to be allowed to emit over a hundred times more particles and thereby avoid fitting

a gasoline particulate filter costing just €25. But T&E obtained documents exposing these efforts – which would only pave the way for a future <u>'Petrolgate'</u> air pollution scandal. Through our fast action, member states were embarrassed into climbing down and agreeing a safer limit.

Separately we welcomed the fact that another long-term goal was realised: new diesel machinery such as construction machines and generators will be required to have exhaust treatment systems, under a law agreed in 2016. It means more diesel machines will now be required to clean up their act with diesel particulate filters. Disappointingly, diesel trains and barges will not need to have adequate exhaust treatment systems after heavy industry lobbying. But the Commission is to examine the possible retrofitting of existing diesel off-road machinery and present proposals in the coming years.

Learn more:

https://www.transportenvironment.org/what-we-do/dieselgate-testing-reform

Freight and cilimate

Heavy-duty emitters

Trucks are the low-hanging fruit in the climate challenge facing European transport. Lorries make up less than 5% of all vehicles on the road while being responsible for 25% of road transport's carbon emissions. Yet their carbon emissions are not regulated. T&E's mission in 2016 was to make policymakers see the massive potential for CO2 savings. Who else to help grab weary EU commissioners' attention than some of the biggest consumer brands and logistics companies on the continent? IKEA, Nestlé, Philips, DB Schenker and Deutsche Post DHL were just some of the big names that T&E brought together to tell the European Commission that truck CO2 standards would save their companies billions on fuel and lead to cheaper goods as well as protecting the environment and boosting energy independence.

But the Commission needed to be convinced that truck CO2 regulation would fly with governments. So T&E took to the skies! As environment and industry ministers convened on the canals of Amsterdam as guests of the Dutch EU presidency, they couldn't miss the message on T&E's heavy-duty balloon: Truck CO2 standards now! Our fliers told them everything

they needed to know – in 20 years lorry fuel efficiency had not improved. Meanwhile new design prototypes showed that up to 35% greater efficiency would be possible, saving a haulier €10,000 a year. Truckmakers had no comeback and needed to go back to the 1960s to find a fuel consumption baseline they could beat. At the same time, other regions were taking the lead: the US announced a second phase of truck CO2 standards. China, Japan and Canada had also regulated lorry emissions, giving their truckmaking industries a technological edge while boosting their domestic economies.

There was another albatross hanging over Europe's truckmakers: they were being investigated for acting as a cartel by fixing prices for and delaying the introduction of new emission technologies for air pollution. Eventually, in July, the cartel fine was announced: €2.93 billion, the biggest in the EU's history. The truckmakers' collusion was exposed just in time: later that week the Commission announced that Europe would finally regulate truck CO2. As a first step it would make a proposal on monitoring, reporting and verifying lorry emissions

in 2017, with a proposal on CO2 targets set to follow in 2018. This is a huge breakthrough which would never have happened without T&E's campaigning.

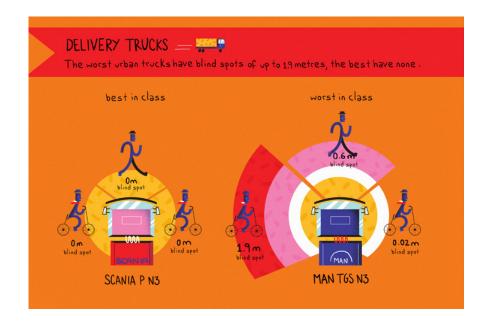
"The EU should still do more to 'create competition on environmental performance', said William Todts, a spokesman for campaign group Transport & Environment. 'Truckmakers have to change, but so do regulators.'"

Reuters, 19 July 2016

T&E now has to ensure these regulations happen on time. In September we gained crossparty support from MEPs. Our InconvenientTruck event outside the European Parliament in Strasbourg used software to demonstrate how fuel and CO2 savings were possible. The result was MEPs sending a firm message to the Commission to table an ambitious proposal to reduce carbon emissions from trucks as soon as possible.

Of course, trucks' impact is not limited to climate. Every year 4,000 people die in truck crashes in Europe. Almost 1,000 of

these fatalities are vulnerable road users, such as cyclists and pedestrians, and happen in urban areas. In 2016 T&E campaigned for the European Commission to introduce the world's first-ever direct vision standard, which would mandate what drivers must be able to see with their own eyes. T&E worked with the prestigious Loughborough Design School in the UK to show the huge difference between well designed trucks – which have virtually no blindspots – and the worst. In some cases the 'dead angle' was 1.9 metres, putting cyclists and pedestrians at huge and unnecessary risk.



After the summer we managed to also get cities involved, visiting the cabinet of the internal market commissioner Elżbieta Bieńkowska together with Amsterdam, London and Copenhagen, advocating for better truck safety rules in Europe. The cherry on the cake was our T&E Truck Safety Conference in October having representatives from the European Parliament, Copenhagen, Berlin, Vienna and London speaking with the European Commission in the room. We also parked several truck outside of the venue showing MEPs what is possible and how it should be done. With this event T&E managed to convince EU policy makers that truck safety is a Europe-wide problem and that the EU has a great responsibility but also the power to fix this.

The Commission heeded our calls and announced in its report on the General Safety Regulation that it will introduce a direct vision standard for trucks. The new rules will be proposed as legislation at the beginning of 2018 and would apply to all vehicles sold in the EU.

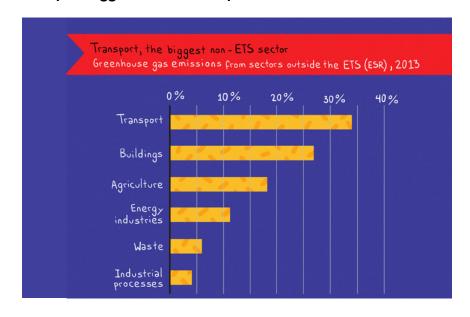
Meanwhile, on the tracks, MEPs ratified a new plan to inject a dose of fair competition into the railway sector, a small step in

the right direction. T&E is now pushing for EU railway policy that is more customer focused - for passengers but also for freight users. We want booking and ticketing to be made easier for passengers with sufficient rights in place to protect people when traveling between countries or on multiple operators. As part of our efforts to see as much freight as possible transported by rail, we have assembled a diverse group of stakeholders of rail freight users and operators. This 'platform' is developing solutions to the problems that are holding back modal shift, such as equal access to infrastructure, better infrastructure investments, and leveling the playing field between modes. T&E has been involved in ongoing stakeholder discussions on the implementing act for access to service facilities and the review of the Combined Transport Directive. Both of these will have an impact on the future attractiveness of rail as a means to transport goods in the eyes of the freight user.

The Commission also committed in 2016 that it would review the Eurovignette Directive, which defines the parameters by which trucks can be charged for their use of road infrastructure. The

Strategy for Low-Emission Mobility states that the directive will be extended to allow for charging based on CO2 emissions, which is something that we have been campaigning for since 2015. We are now working on achieving a VECTO-based system that allows for further discounts for technologies that are proven to reduce fuel consumption (such as low-rolling resistance tyres and aerodynamic devices). The Commission's proposal is expected in late May. We will continue to push for this directive to further promote the user/polluter pays principles.

Europe's biggest climate weapon



In 2016 the EU also unveiled its biggest weapon in its fight against climate change. The Effort Sharing Regulation will set nationally binding targets for emissions reduction in transport, buildings, agriculture and other sectors by 2030. T&E has been combining our resources with other NGOs active in these sectors to make sure the targets are not undermined by loopholes and flexibilities that countries can take advantage of. Europe cannot be distracted from this challenge: the EU needs to slash its transport emissions by 94% by 2050 to avoid catastrophic 2°C warming, according to a <u>study</u> by the respected Öko-Institut for T&E. The task now is to resist those governments which are already trying to destroy the inadequate target of -30% by 2030.

Learn more:

https://www.transportenvironment.org/what-we-do/cleaner-safer-trucks

https://www.transportenvironment.org/what-we-do/effortsharing-regulation

https://www.transportenvironment.org/what-we-do/rail

Communications Impact

449 million

estimated views of online articles mentioning

T&E in 114 countries in 37 languages.

4.8 million

impressions on Twitter and Facebook.

204 thousand

unique visitors to our website.

Output

Impact

press releases

7,051 online articles

publications 85

448,718,440 estimated views

infographics 163

114 countries

opinion pieces 21

37 languages

622 press interviews

204,150 unique web visitors

TV and radio interviews 43

3,933,900 Twitter impressions

Output

Impact

average media enquiries per day

3,622 Twitter mentions

speaking opportunities **163**

842,774 Facebook impressions

tweets **1,226**

1,787 Facebook post shares

Facebook posts 270

26,067 social media videos views

social media videos

3,884 LinkedIn group members

Bulletin articles 77

3,800 Bulletin readers

events 29

1,635

event attendees

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30 campaigners - 15 countries - 4 continents

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<u>Cécile Toubeau</u>

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United Kingdom

Netherlands

Croatia

Sweden











Spain











Sweden

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Our supportes —











International

Italy

Italy

United Kingdom

Russia







International



Estonia

Funders and Finances

Our Funders

Transport & Environment gratefully acknowledges support from the following institutions in 2016:

European Climate Foundation
The Norwegian Agency for Development Cooperation (NORAD)

€500,000 - €250,000 ClimateWorks Foundation

€250,000 - €100,000 Funders for Fair Trade Oak Foundation

Funders and Finances

€100,000 - €25,000

BirdLife

De Staatsecretaris van Infrastructuur en Milieu

FIA Foundation

German Federal Environment Agency (UBA)

Stiftung Mercator

Transport for London

< €25,000

T&E members and support fees

German Ministry for the Environment

Norwegian Ministry of Climate and Environment

Open Society Foundations

Schöpflin Stichtung

Svenska Naturskyddsforeningen

UBS AG

Our Finances

Income (in Euros)

Membership fees	22,050	0.6%
EC Grants	486,024	14.0%
Governments	978,114	28.2%
Private - Foundations	1,900,453	54.7%
Financial income	1,351	0.0%
Other income	84,392	2.4%
Total income 2016	3,472,384	100%

Expenditure (in Euros)

Personnel	1,738,655	51.5%
Travel and subsistence	188,580	5.6%
Research and consultancy	492,885	14.6%
Transfers to T&E member	50,830	1.5%
Subcontracting	496,233	14.7%
Depreciation and provisions	17,724	0.5%
Office costs	389,271	11.5%
Financial costs	2,302	0.1%
Total expenditure 2016	3,376,480	100%

WHO WE ARE AND WHAT WE STAND FOR

Established in 1990, Transport & Environment (T&E) is Europe's leading NGO campaigning for cleaner, safer transport. Our job is to research, debate and campaign with the facts available. Our goal is simple but hard: to minimise transport's harmful impacts on the environment and health, while maximising efficiency of resources, including energy and land, without forgetting to guarantee safety and sufficient access for all.

