

LOGISTICS *BUSINESS*

www.logisticsbusiness.com

DECARBONISATION OF TRANSPORT OPERATIONS



Decarbonisation of Transport Operations

In this eBook, brought to you by Logistics Business, we look at how Vilnius-based international logistics Company Girteka is striving to meet tough environmental targets by deploying a range of strategies and technologies across its European transport operations.

With everyone talking about sustainability these days, the term has become a bit of a buzzword. A company that wishes to describe itself as sustainable has to be a responsible business overall, not just taking in consideration its effect on the environment. With an extensive transportation network to operate, Girteka understands very clearly the challenge that lies ahead to be truly clean and green, and is taking proactive steps to decarbonise its transport operations and customers' supply chains.

Ambitious legislation such as the European Green Deal aims to drive businesses towards zero carbon by 2050, meaning businesses such as Girteka have to follow a sustainable route today, not just by talking about it but actually taking steps, no matter how small.

Girteka, by the pure nature of its business, is part of an industry sector that is one of the most carbon-hungry of all – the business of moving goods from A to B as effectively, safely and fast as commercially possible. Therefore it has to work extra hard in its quest to move towards zero carbon.

Legislation on its own will not work – the desire to operate a logistics business with little or no impact on the environment has to come from within, and Girteka has very strong credentials in this area. Its Head of Sustainability, Viktorija Tereké, is responsible for steering the company along its decarbonisation journey. “We are always seeking a deep understanding of how sustainability will affect us now and in the long term,” she says. “Of course, the Corporate Sustainability Reporting



Directive (CSRD) and the Green Deal pushed us to have a more holistic approach, and we found that our goals were not always aligned internally between all of our activities. So what we are doing now, at this point, is evaluating our activities and investing in internal resources to push forward our strategy. We plan to increase intermodality and to develop our Alternative Fuel Program by exploring and developing long-term relations with our partners.”

Along with a move towards greater intermodality, Viktorija describes how Girteka is trialling alternative fuel trucks, with programmes in conjunction with Volvo Trucks and DPD Netherlands looking at plant-based Hydrotreated

Vegetable Oil (HVO) and e-mobility as an alternative to diesel fuel: “At the moment, we are testing five projects in the pilot stage. Then we will see the business case and consider how it might be scaled up. We are tracking very closely what is happening on the market in terms of technical possibilities. We see the possibility to scale up in certain areas, but that depends very much on the particular geographical zone energy strategy.”

“I would say that definitely the Netherlands, Belgium and probably Germany will be those pioneers. And we are hoping to expand it to Poland, because it's a very important territory for us as we are operating a base there near Poznań. Regarding France and Spain, we still have some limitations, so initially it's likely to be a somewhat fragmented solution to implement these green corridors.”





Multimodal Operations

One of the ways Girteka is reducing carbon emissions in its transportation activities is through its multimodal collaboration with leading intermodal operators, such as French VIA. Girteka's intermodal services span across Spain, France, Italy, Germany, and Poland. As a full train can take multiple units per locomotive, the solution is not only green but also helps carriers to deal with driver shortage.

It has not always been viable to transport perishable goods via rail across Europe, but Girteka's collaboration with VIA means it can carry such items across much shorter distances than previously thought possible in greater volumes, all the time keeping the cargo in the freshest-possible condition.

"We have a clear vision to be a CO₂ emissions neutral company," says Daniel Lebreton, Sales and Marketing Director at VIA. "Working with Girteka as a partner to achieve this is a great experience, as we clearly share the same goals. They are truly visionary and we are both pushing each other to achieve greater things together. In the past, it was thought that multimodal transportation of perishable goods could only be achieved over a very long transit time, but today we have worked together to prove that is no longer still the case. With Girteka our commitment to intermodality and carbon footprint reduction is our main focus".

Since Girteka began its intermodal operations in collaboration with VIA in 2017, it has grown in stature to become the largest temperature-controlled

goods carrier by intermodal transport in Europe. The scale and complexity of its operations means that it will remain a road transport-focused company for the foreseeable future, but by developing an efficient and cost-effective intermodal rail network with VIA it is able to strengthen its business proposition to customers seeking a reliable and eco-friendly solution to transport cargo across Europe.

Multimodal transportation of goods can help reduce CO₂ emissions up to 90%, compared to traditional road transport with diesel-powered trucks. As we will find out shortly, Girteka's Alternative Fuel Program and evaluation of e-mobility for last-mile deliveries can further reduce environmental impact, particularly in combination with rail transport. Multimodality also brings many other advantages to the

customer, such as flexibility (trailers can be switched seamlessly between road and rail), safety (lower chances of an accident disrupting the supply chain) and reliability, as Girteka can guarantee spots to ensure its customers' shipments are always prioritised.

"My dream in a few years is to reach 10% of intermodality activity compared with what we have on the road," says Girteka's Viktorija Terekė. "But there are always limitations – it's not possible for all the rail lines to use our equipment.

As our mindset is not to buy craneable containers, we would like to squeeze as much as we can out of the fleet which we already have, using them in various solutions. For example, using intermodality services for the same equipment that we are running on the roads."





Road Transport

Lars Mårtensson, Environment and Innovation Director at Volvo Trucks, says the relationship between his company and Girteka goes way beyond that of a traditional manufacturer/customer. For a global automotive manufacturer such as Volvo to make the move away from diesel power, he says the understanding between supplier and customer must go way beyond just the transactional: “Looking at the bigger picture, it's quite obvious that in order for us to be successful in the future, we need partners such as NGOs and, primarily, customers,” says Lars. “It's a crucial part of our strategy to have this type of partnership with the size and importance of Girteka. I've been with Volvo Trucks now for more than 20 years, and as long as I remember we've had a very good partnership with Girteka. We have been talking about sustainability

and the environment, about alternative fuels and these types of issue for very, very long time. Now it's more and more clear where the big transport buyers are heading, it's very beneficial to have this type of partnership.”

With ambitious carbon reduction targets to hit, Volvo's customers – not just the big transport firms such as Girteka, but across businesses of all shapes and sizes – are seeking solutions today, not tomorrow or next year. Energy efficiency has always been a critical aim, whether that's diesel or electric or plant-based fuel, and Lars says that the first step to reducing emissions is to ensure the trucks are as optimised as possible for the type of operation specified by the customer. It also aims to support its customers on their decarbonisation journeys with telematic solutions and driver training that will help drive efficiencies through their road transport

operations. “It's very much about making sure that you operate the truck in the most energy efficient way,” says Lars, “meaning the driver doesn't leave the truck idling if they don't have to, making sure that they take advantage of the movement energy of the truck when they go downhill, and also planning to take the vehicles along the most efficient routes. Our driver trainers teach drivers to take advantage of all the new technologies and make sure that the drivers can use them in the most optimal way.”

The future of road transport is a much-discussed topic. You speak with one manufacturer, and they will say electric is the future. Speak with another and they'll say electric is an interim answer and the business will transition to hydrogen. Lars believes that the solution to help businesses such as Girteka achieve net zero at some point in the not-too-distant future isn't so straightforward. “We don't believe there's one technology or one energy,” he says, “but we strongly believe that battery electric is going to be a very dominant technology, because it offers zero emissions at the tailpipe and the vehicles will be much quieter. But the challenge with electric trucks in every country in the world including European countries is that they also very much depend on the charging infrastructure and the power grid. That's also why we think it's important to have complementary solutions. Gas-powered trucks are one part of that, but also trucks that run on different types of liquid biofuels, especially fuels like HVO, which we think is an excellent and easy fuel, which can be used in all engines already today.”





In order to help to move the infrastructure required for electrification forward, Lars says that not only suppliers such as Volvo, but also its customers – both commercial and private – should be campaigning for the necessary infrastructure that will give us all an emissions-free future. “It’s important that the European Union sets the general framework,” he says. “The Alternative Fuel Infrastructure Regulation (AFIR) is very important, even though we believe that what’s stated there in terms of charging infrastructure is probably too little and too late. Then it’s very much at a national level, where the national and regional power grids need to be adapted and the charging infrastructure needs to be built. But it’s not only about policy level.

We also have a very close cooperation with energy companies, both at national and local levels, in all countries where we sell electric trucks. We see that together with energy companies, we can solve the chicken and egg problem, that we can have the infrastructure in place at the same time as we get the trucks in place. We encourage our dealers and our customers to reach out, to be active, to have this type of dialog, and to make sure that we get the capacity and the charging that we need today and also in the future.”

“We have a really long-term partnership with Volvo,” says Viktorija Terekè. “They are one of our main technical providers and we started our journey together many years ago. With sustainability, we

stepped in that field a year ago when we made our first test with an electric truck. Of course, it is a challenging journey, however cooperating together with all participants, including manufacturers, solutions providers, customers and regulatory affairs, we believe we can make the change.

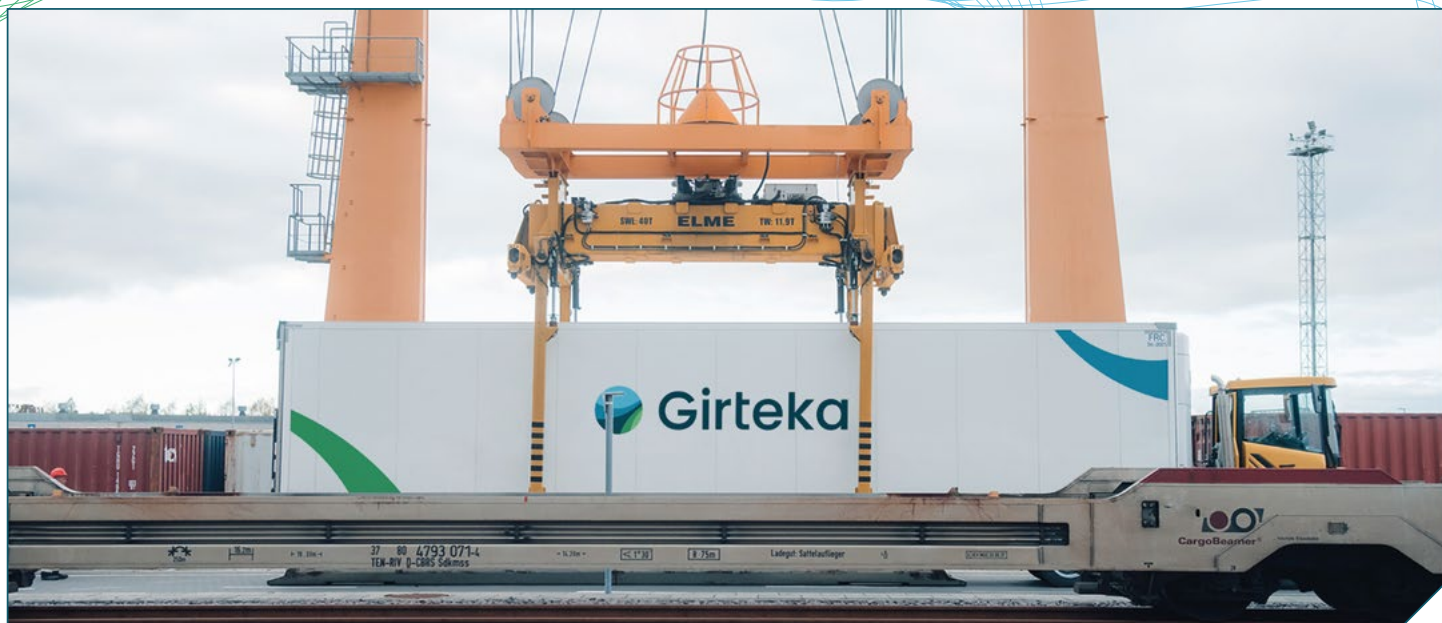
So we then ran a pilot for one of our main clients, which was a collaboration of five parties on one electric truck project. With Volvo, we are strengthening that collaboration, step by step, and we also have plans to collaborate on all possible fields. They understand that technologies are changing, and we are not treated as a transactional buyer, but as a mutual partnership.

What the OEMs are doing is great, starting to share their insights, and their routes to decarbonisation as well with us. So we are coming to a mutual dialogue by finding solutions to this challenging journey. Right now we are setting up the guidelines, but we are certainly at the start of a success story. It’s challenging, but possible.”



HVO Trials with DPD

Another household-name business working with Girteka to reduce the impact of its road operations is the global parcel delivery network DPD. Now part of Geopost, the company operates in over 50 countries, delivering more than eight million parcels every day. With consumers seeking ever-more sustainable ways to send parcels, DPD is very proactive in driving carbon out of its operations.



It is extremely transparent in this regard, even going as far as publishing a live dashboard on its website to indicate its carbon savings to its customers.

Netherlands-based Maurice Loef, DPD's Linehaul Director, says Geopost has signed up to the Paris Climate Agreement, meaning the business is committed to becoming net zero by 2040. In order to achieve this, and spurred on by symbiotic partnerships with haulage firms such as Girteka, it has already implemented an extensive home programme to introduce HVO into as much of its operations as practically possible. This is less of a challenge where trucks are connected to a base, but more so when they are out on the roads on the extreme edges of Europe, where HVO is not usually readily available as and when needed. Therefore, there is still currently a necessary element of diesel use across the fleet.

DPD and Girteka's HVO collaboration is therefore taking place largely in France, Portugal, Italy, and Germany, where access to supplies of HVO can be pretty much guaranteed. "On the domestic lines, the trucks just top up or fill up at their home bases with HVO instead of diesel," says Maurice.

"With Girteka, since July 1st this year, we have been using what we call mass balancing, where the distances they drive are calculated to the consumption of the trucks. The only thing that the carrier needs to prove is that the litres of HVO used are accountable and auditable."

In past times, the supply of HVO couldn't always be trusted, as its constituent parts were not always homogenised from one region to another – it often contains waste oils such as used cooking oils. This caused a certain reluctance amongst hauliers to go down

that route, particularly since vehicle warranties could have become voided. However, in another classic 'chicken-and-egg' example, the greater uptake in HVO use means the supply has become more standardised, and the vehicle manufacturers now recognise warranties when a truck makes the switch from diesel to HVO.

"I don't hear anything from the suppliers or the carriers regarding inconsistency of supply," Maurice says. "I'm also happy to see that the price is coming down and the gap between regular diesel and HVO is closing. We know that HVO costs more, but we compensate the carrier for this loss, so there's a separate budget line for the sustainability targets which enables us to meet a large part of our sustainability goals and targets."

Like Lars from Volvo, Maurice doesn't believe the infrastructure exists to ensure the road transport industry will make the wholesale switch to electric trucks. "It'll be years before the same infrastructure is available for trucks in Europe as it is for cars," he says.



"So I think we will have more trucks transferring to HVO than to electric, because to be honest if you were to travel 2,000km right now, you would lose too much time in terms of charging. Taking the case of, let's say, a 1,800km haul with one driver in an electric truck with a range of 600km, you have to charge for nine hours. So we lose one day in terms of speed compared to HVO in the current market. Speed for us is important. So, to be honest, on the short hauls in the coming five years I see a healthy mix of electric, HVO, maybe hydrogen, but also of diesel."



Conclusion

Viktorija Tereké says that sustainability can be achieved not only through long-term partnerships with sector leaders such as Volvo and DPD, but also by working with, for example, NGOs as willing and enabling participants in the creation of green corridors. Regarding the decarbonisation of commercial road transport, she is optimistic: “It has a bright future, and at some point, in some areas, the breaking point will be when the technology will offer a range of 700km for heavy duty trucks.

I would say that it will then become really transformational. We are analysing this in our pilot projects, we are implementing everything into our system, we are collecting the data, and we are sharing this data. In terms of overall sustainability, we have already started

really bold and deep projects, so now for us, it's very important to have all sides educated, internally and externally.”

Being an international company that specialized in temperature sensitive cargo like pharmaceutical, food and beverages and high value goods across large distances, for Girketa to scale up its decarbonisation program in the very short term is practically impossible as the intermodality network does not yet have sufficient capacity.

Also, with e-mobility, the network is just not being developed at a rate operators such as Girketa would like to see. Yes, some European countries are working hard to increase its infrastructure at a rapid rate, but a trip across Europe reveals just how fragmented it still is, and the required amount of charging connections simply don't exist.

To help highlight the work it is currently undertaking to drive carbon out of its transportation operations, Girketa has launched a new educational podcast series entitled Responsible Logistics. The initiative focuses on bringing closer information about possibilities, benefits, and methods of decarbonising supply chains, revealing the technologies and solutions discussed in this eBook such as e-mobility, intermodal transport, or HVO.

To listen to the current and archived episodes, simply search online for ‘Girketa Responsible Logistics Podcast’.

“We have already reached a maturity level where we see sustainability as a very important part of our business,” concludes Viktorija. “It is not something new - we already have very good operational knowledge of how to launch services such as intermodality and projects using alternative fuels.

So we need to frame up what we are doing, to collect the data, and to share with our community and society what we are doing. It is a data-driven approach – previously data was used primarily for efficiency and now it is used for sustainability, and they overlap and come together.

“We have the DNA which makes me confident about our possible and future journey in this regard.”

www.girketa.eu

Get a Quote

in



Girketa

UK Tel: +44 2039916984

Germany Tel: +49 32223270031

Poland Tel: +48 221043980

Spain Tel: +34 960743100

France Tel: +33 756784121

Italy Tel: +39 3780300646

ELECTRIFY YOUR JOURNEY

Get a Quote



Let's Start Our Conversation Today
And Shape A Greener Future Together