

Brussels, 9 August 2024

Input to ERGP Report on exploring the possibilities to support environmental sustainability within the Postal Regulatory Framework

Following the meeting between PostEurop and ERGP Working Group Sustainability held on 3 July 2024, PostEurop provides below answers to relevant questions of the related ERGP questionnaire.

1. Legislation on environmental sustainability (update since last ERGP Report)

1.1. Within the postal sector

At EU level, the regulatory framework on postal services has not undergone specific changes regarding environmental sustainability, as no need for such changes has been proven. According to the Postal Services Directive, environmental protection is considered an “essential requirement”, this meaning a “general non-economic reason which can induce a Member State to impose conditions on the supply of postal services”. This provision already allows Member States sufficient flexibility to adapt postal services (including the universal service obligation) in accordance with environmental protection needs.

1.2. Outside the postal sector

New legislation applying horizontally to USPs in the EU, among others:

- **Corporate Sustainability Reporting Directive (CSRD):** Approved in 2022, applicable from 2024. USPs are already implementing its requirements to their sustainability reporting (it applies to large companies and SMEs based on thresholds).
- **Corporate Sustainability Due Diligence Directive (CSDDD):** Approved in May 2024, publication in OJEU pending, transposition period until mid-2026. Will apply to large companies only.
- **Directive on Empowering Consumers for the Green Transition:** Approved in February 2024, transposition period until March 2026. It reviews current consumer law framework and requires all companies (not only postal) to substantiate and communicate their environmental claims clearly and accurately to prevent greenwashing.
- **Packaging and Packaging Waste Regulation:** To be finally approved end of 2024. Will apply to several agents: packaging manufacturers, suppliers, importers, distributors, and economic operators. USPs can be subject to it, although more clarity is needed regarding definitions, applicability, and responsibilities.
- **Green Claims Directive:** EXPECTED from Q3 2024. Establishes a system of verification and labelling for sustainability claims in order to prevent greenwashing.

2. Data collection and monitoring

2.1. An estimate of how many postal operators active in your market will be subject to the reporting requirements of the CSRD

All PostEurop Members will be subject to reporting based on CSRD.

PostEurop estimates that within individual countries, few postal operators (<25%) will be subject to reporting based on CSRD. Nevertheless, it is important to consider that, together, those operators obliged to report on CSRD probably represent a very substantial share of their domestic market; hence, PostEurop believes that sufficient information on ESG matters from the most relevant market players will be publicly available thanks to the CSRD.

3. Interagency collaboration among governmental bodies

- 3.1. Do you as an NRA have a cooperation with another competent governmental agency regarding environmental sustainability? 3.2. Do you believe that a cooperation with other competent governmental agency regarding environmental sustainability should be established? 3.3. What type of cooperation do you think is preferable for environmental sustainability matters? 3.4. Should the cooperation be on specific subjects?

N/A.

4. Neighbouring and other regulated markets

4.1. Are there practices for environmental sustainability used in neighbouring markets that might be relevant/interesting for the postal sector?

PostEurop is not aware of any relevant practices, as neighbouring markets are not within the Association's core field of expertise.

4.2. Do you know of any collaboration initiatives in neighbouring markets, such as e-retailers/online platforms, the telecommunications sector, utility sectors (electricity, natural gas, water, and sewage services), the transportation sector, the information and communication technology (ICT) sector, and other regulated markets, in your country in the field of environmental sustainability? 4.3. What type of cooperation? 4.4. On what basis is this cooperation established? 4.5. What topics are included in this cooperation?

PostEurop is not aware of any collaboration initiatives, as neighbouring markets are not within the Association's core field of expertise.

4.6. Is there cooperation between e-retailers/online platforms and the postal sector in your country within the framework of vertically integrated markets for environmental sustainability?

PostEurop doesn't collect this information from its Members; this question should be assessed by individual USPs or NRAs.

4.7. Rank the regulatory tools mentioned below, starting from those you believe could be most effective (Grade 1) in promoting environmental sustainability to those you consider least effective (Grade 11) and elaborate your choice (how the selected most effective tool could contribute to environmental sustainability)

Tool	Grade	Comments
Price regulation	11	
Access obligation	11	
Obligations regarding service points	11	
Obligations regarding delivery days	6	May be moderately effective as reducing the delivery frequency and adjusting the QoS to longer transit times allows to reduce trips of vehicles and bundle more shipments (and at the same time may save costs for the operator).
Obligations regarding quality of Service	6	
Network deployment tool	11	
Price comparison	11	
Open data	11	
Monitoring	11	
Significant Market Power (SMP) Regulation	11	
General authorizations and individual licenses	11	

4.8. Can investment in green initiatives bring financial benefits to postal operators/parcel delivery service providers (operators henceforth)? Please describe your answer.

If investment in green initiatives allows USPs to grow their business (i.e. big customers growingly demand sustainable delivery options), it can of course bring financial benefits; However, PostEurop Members still see a very low willingness to pay for sustainability from customers, with other features such as price being key drivers of their decisions.

The investment in sustainable transformation is very expensive and requires great funding, which is usually difficult to access for USPs in a challenging market context (given the decline in letter volumes and its effect on revenues). Thus, availability of financial support and incentives such as subsidies, funds, tax incentives is key to foster the continuous decarbonisation of postal operations.

4.9. Have any of those operators in your country succeeded in reducing service costs by investing in green practices? Please describe your answer.

PostEurop doesn't collect this information from its Members; question is to be answered by individual USPs. Nevertheless, in general, the investment in fleet transformation is very expensive; delivery in lockers does contribute to reducing trips and gain efficiency but does not necessarily mean a reduced service cost for users/clients.

5. Incentivize Sustainability

Note: "Incentivize Sustainability" is considered as creating any benefits (financial or non-financial) so that postal operators voluntarily adopt sustainable practices.

5.1. What are the main challenges or barriers for the postal operators in implementing environmental sustainability measures? Please provide a brief description justifying your answer (including the source of the information). You can choose more than one option by giving 1 to the most important one, 2 to the following one, etc.

Challenges/Barriers	Ranking
Economical (investments...)	1
Legal (lack of competences)	
Lack of information	
Lack of perceived consumer demand for sustainability	1
Other	Lack of willingness to pay from customers: 1
Not any barriers identified	

5.2. Based on your answer to the previous question, how could your NRA plan to minimize the main challenges or barriers for the postal operators in implementing environmental sustainability measures?

The role is not for NRAs, they are supervisory/monitoring bodies and the identified barriers are related to consumer demand and financial constraints to invest in environmental sustainability measures. Regarding supply, the governments as policymakers are the ones who can decide and invest in supporting ESG transition and helping USPs with incentives, easing their sustainability journey. Regarding demand, no measures from NRA are needed as there is no identified market failure: the challenges mentioned above cannot be considered as other than rational market behaviours in the current scenario where sustainable alternatives are on one hand, still more costly to invest in (i.e. electric vehicles are notably more expensive than fossil fuel ones); and on the other hand, usually more expensive for customers. When consumers have the option to choose sustainable delivery options, they often choose them only if they are offered at the same price or cheaper than ordinary deliveries; their willingness to pay is low, but that is not something for NRAs to deal with from a regulatory perspective.

5.3. Based on the summary and conclusions of the 2023 report, concerning the role that NRAs could play towards operators in the field of environmental sustainability, do you as NRA take specific action(s) to incentivize sustainability to postal operators? Please describe your answer.

N/A.

5.4. Has your NRA (or more generally the member state) already tried to incentivize sustainability to postal operators by postal law?

N/A.

5.5. Has your NRA already tried to incentivize sustainability to postal operator outside the postal law?

N/A.

5.6. Are there provisions incentivizing sustainability for postal operators outside the postal law (currently or in the future)? Please add any suggestions of relevant actions that NRAs could implement to incentivize sustainability.

Yes, horizontally applicable regulation at EU level (see above the answer to question 1.2.).

5.7. Concerning incentivizing sustainability, as defined in the note below*, among postal operators, which practices from a neighbouring sector do you identify as good example that could be applied in the postal sector? *Note: Postal outlet point/facility: a retail point of presence which provides postal services, such as franchisee, etc., affiliated/belonging to a postal operator

PostEurop is not aware of any relevant initiatives, as neighbouring markets are not within the Association's core field of expertise.

6. Improve provision of information for users

6.1. Are you aware (e.g. from studies, surveys) of which are the users' information needs or preferences when it comes to environmental sustainability in the postal sector?

IPC Annual Cross-Border E-Commerce Shopper Surveys (<https://www.ipc.be/shopper>).

6.2. Based on the summary and conclusions of the 2023 report (concerning the role that NRAs could play towards users' awareness regarding environmental sustainability) do you as NRA take specific action(s)?

N/A.

6.3. Has your NRA (or does any other entity in your country i.e. stakeholders, operators, etc.) already tried to improve the provision of information for users?

N/A.

PostEurop has been involved for a long time in the Two Sides campaign (<https://twosides.info/>).

6.4. Is your NRA (or other entity in your country) planning to improve provision of information for users?

N/A.

6.5. As NRA, what do you believe is the most effective platform for the provision of information?

Please rank the below mentioned platform, starting with those measures or actions that are best to be considered for NRAs to the least: (rank from 1-7 in terms of prioritization, with number 1 being top priority/considered most effective platform)

N/A.

6.6. In your country, do postal operators provide information related to environmental impacts of their activity to users?

Yes. PostEurop Members provide information via their annual reports, websites, press releases, infographics, social media posts.

6.7. Do you think the postal directive should give more powers to NRAs to incentivize environmental sustainability and provision of information for users? Justify your answer.

No. Horizontal framework is already demanding and applicable to all USPs. NRAs should keep the supervisory role, not a role in incentivising sustainability in the sector.

7. Legislative suggestions (for this year/future)

7.1. In light of your responses in the questionnaire circulated in 2023 regarding the role that NRAs could play with regard to environmental sustainability (EnSus), please indicate whether you would support a legislative suggestion to be included in the proposal for the new regulatory framework for each of the aspects below (yes/no) and if so, if you have a specific opinion on what this provision could entail or omit, or what such provision should envisage to specifically achieve (how do you envision the new RF).

No. Postal specific regulation on sustainability is not needed.

Monitoring and collection of data with the aim of transparency (when answering please also take into consideration the provisions of already adopted legislation such as the CSRD)

No. CSRD already applies to USPs. If applying these reporting requirements to other postal companies, it should be aligned with CSRD not to create excessive burden.

Cooperating with others (stakeholders, government agencies or otherwise, please specify)

No. Cooperating shall remain on a voluntary basis, shall not be regulated.

Using the collected data (for the purpose of studies, measurements, disseminating information, users' empowerment etc.)

No. No need to enhance data collection.

Providing flexibility to USPs (if yes, are there any specific legislative amendments or regulatory measures you would propose to enhance flexibility in quality-of-service provisions while maintaining compliance with the USO but at the same time enabling environmental sustainability assurance efforts?)

Yes. The essential requirement of environmental protection already sets a framework for flexibility regarding environmental sustainability in the sector.

Creating incentives for operators

Yes. Incentives are always desirable, but there is no need to codify them in postal sector legislation.

Developing programs to increase expertise and awareness for operators and/or users

No. Expertise and awareness programs shall remain on a voluntary basis, shall not be regulated.

Setting targets

No. There are no market failures justifying the need for harmonized sustainability targets.

E-retailers/online-platforms competences (vertically integrated markets) in regard to environmental sustainability

No.

Other

Regulating on sustainability in the sector (if desired) is competence of Ministries, not NRAs.

7.2. How specific do you feel that the criteria of the legislative suggestions should be?

a. General provisions, allowing for room for interpretation and providing flexibility to the NRAs in terms of their implementation – if any.

7.3. Do you have competence specific to environmental sustainability in the postal sector

regarding i. postal operators; ii. e-retailers. a. What does the competence refer to; b. Is the provision a general or specific one; c. Do you feel that your NRA should have more competences or do you feel that you are able to fulfil the goals of the NRA concerning environmental sustainability?

N/A.

7.4. What specific challenges or barriers do you foresee in implementing flexible quality of service provisions to promote environmental sustainability in the postal sector?

N/A.

7.5. Do you think NRAs can ensure the balance between ensuring the flexibility of QoS/high-quality postal services and promoting environmental sustainability

a. Within the constraints of the existing legislative framework? If no, please indicate: 1. What you think is incompatible with EnSus assurance by the NRAs while at the same time ensuring QoS flexibility? 2. What you believe must change in the current regulatory framework to enable the safeguarding of a flexible QoS and the viability of EnSus related provisions
Focus shall be on reliability instead of speed.

b. Within a new regulatory framework? If no, do you think something can be done in this respect or do you believe that QoS flexibility and EnSus provisions are incompatible?
N/A.

Costs and employments needs

1. Do you, as NRA, from your experience or knowledge, believe that the implementation of sustainability measures may entail additional costs (e.g. cost of computer programme particular on Co2 measuring, need for a consultant, training costs on particular issues) and employment needs (justify your answers)?
N/A.

2. In case that you have answered “Yes” in question 1a above, do you feel that these are justified and proportionate to the purpose the sustainability measures seek to achieve?
N/A.

3. In case that you have answered “Yes” in question 1b above, have you measured what are the additional costs (implementation of sustainability measures, etc.) for postal service operators due to EnSus? Yes/no, if yes, please provide estimation in a percentage or otherwise
N/A.

4. In case that you have answered “Yes” in question 1b above, do you have knowledge on what are the employment needs of postal service providers due to EnSus? Yes/no, if yes, please provide outline of such needs
Training and upskilling.

5. Have you measured what are the additional costs for NRAs due to EnSus? Yes/no, if yes, please provide estimation in a percentage or otherwise
N/A.

6. Have you measured what are the employment needs of NRAs due to EnSus? Yes/no, if yes, please provide outline of such needs
N/A.

7.6. Do you think that the potential extra cost or employment needs for either operators or NRAs will be considered as an absolute deterrent factor when it comes to new legislative obligations regarding EnSus in the postal sector? If yes, how could this be mitigated? (Please elaborate)
N/A.

About POSTEUROP

PostEurop is the association which represents European public postal operators. It is committed to supporting and developing a sustainable and competitive European postal communication market accessible to all customers and ensuring a modern and affordable universal service. Our Members represent **2 million employees** across Europe and deliver to **800 million customers daily** through over **175,000 counters**.