

# Position on the European Commission Prospective Study on the future of the Postal Sector



# PostEurop<sup>•</sup>

## ABOUT POSTEUROP

POSTEUROP is the association which represents European postal operators since 1993 and is officially recognised as a Restricted Union of the [Universal Postal Union \(UPU\)](#).

It is committed to supporting and developing a sustainable and competitive European postal communication market accessible to all citizens and ensuring a modern and affordable universal service.

Its Members employ **1.6 million people** and deliver billions of items annually to over **295 million homes** and **48 million companies** across Europe.

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## EXECUTIVE SUMMARY

The PostEurop association and its Members congratulate the European Commission and the authors of the study entitled “Prospective study on the future of the postal sector”<sup>1</sup>, published in November 2024, for having initiated this indispensable prospective reflection, given the difficulties postal operators are already facing, the necessary evolution of the regulations governing postal services and the uncertainties surrounding the evolution of the sector, even if certain trends are foreseeable.

We would also like to acknowledge that this Study has been carried out with the involvement of all stakeholders through questionnaires and workshops. We appreciate this participative approach, while noting that certain findings and suggestions could ideally have been discussed with stakeholders in more depth.

PostEurop Members are convinced that the universal postal service holds significant value for society, whether for private individuals or businesses, large or small. Likewise, despite significant market developments, we believe that the principles governing its organization, set out in Directive 97/67/EC, remain relevant. Based on these convictions, PostEurop would like to share its thoughts on the recommendations presented in this report.

### PostEurop welcomes proposals for greater flexibility

PostEurop shares the view that it is essential to give Member States more leeway to adapt the universal mail service to the structural decline in volumes, to users' needs and to other national specificities. Modifying the requirements for mail collection and delivery (frequency, place of delivery, etc.) as currently defined in the Postal Services Directive would effectively reduce the costs of the universal mail service. Similarly, the relaxation of quality-of-service standards for intra-Community cross-border mail is a measure made necessary by the longer delivery times for domestic mail adopted in a majority of Member States, in order to respond to changing usage patterns (with consumers valuing reliability over speed), mitigate environmental impacts and contribute to cost control of USO.

### Universal service financing, a cornerstone of future regulation.

The financing of the universal service must be at the heart of the postal legislative framework and its possible evolution.

- The proposal to strengthen the obligation imposed on Member States to reimburse the full net cost of the universal service, and to facilitate the granting of State aid to postal operators in return for Services of General Economic Interest (SGEIs), is likely to secure and perpetuate the universal postal service and the various SGEIs entrusted to them.
- This financing requirement could be accompanied by a strengthening of ex-post control of the absence of over-compensation by national regulatory authorities, and a lightening of ex-ante notification procedures, based by definition on forecast data, which in contexts of strong uncertainty or rapid market evolution may prove different from actual data.



### Regulatory initiatives that would threaten the business model of universal service providers

On the other hand, it is important that the benefits of greater flexibility are not cancelled out by new regulatory constraints, which would be counterproductive.

In this respect, PostEurop invites all stakeholders to consider some of the report's recommendations with extreme caution:

<sup>1</sup> <https://op.europa.eu/en/publication-detail/-/publication/c518ad7f-a722-11ef-85f0-01aa75ed71a1/language-en>

- Opening up the mail distribution networks of universal service operators: this recommendation would not be effective to stimulate competition in a declining market that is unattractive to new entrants and would run the risk of weakening incumbent operators. Such a measure would be costly and complex to implement and its benefits for users have yet to be demonstrated. We strongly recommend to preserve operators' contractual freedom to enter into infrastructure-sharing agreements in compliance with competition law.
- Restricting universal service to vulnerable users only: PostEurop Members believe preserving the universal character of the postal service is essential if it is to remain a tool for inclusion and cohesion for the benefit of all. A basic USO should be available to all citizens, adjusted to demand and costs in view of country-specific features. On top of it, vulnerable users and related targeted services could be defined by Member States. In this sense, principles such as non-discrimination, reduction of the USO net cost and avoidance of unjustified burden for USPs should be taken into account.
- With regard to the parcel sector, the report highlights the risks of unfair competition between delivery operators and e-commerce platforms, some of which have acquired considerable market and negotiating power, or even deployed a strategy of vertical integration in the logistics sector. It's true that these risks represent a major threat to postal operators. However, extending the scope covered by the Postal Services Directive, or modifying certain definitions (e.g. mailing, sorting, etc.) is not the right approach. The effective application of competition law and regulations on Digital Markets and Digital Services is more appropriate to establish a real "level playing field".
- The study mentions challenges with cohesion at EU level linked to tariffs of cross-border parcel items. It suggests reducing price differentials between domestic and cross-border parcel deliveries by strengthening NRAs' monitoring powers and imposing ex-ante price regulations. However, parcel markets, both domestic and cross-border are highly competitive, and available analysis from NRAs, as required by the EU Regulation adopted in 2018, have found cross-border parcel tariffs are not excessive. Besides, price differentials between domestic and cross-border deliveries are explained by transport costs. If these costs are high, prices in a competitive market will reflect the costs, which cannot be interpreted as a market failure, but as a sign of market functioning. Thus, strengthening monitoring would only bring unjustified administrative burden.
- Strengthening the rights of recipients: generally speaking, there is a large number of cross-cutting regulations to protect consumers against abuse. The principle that complaints must be lodged with the party with whom the contract has been concluded must be preserved. In the case of e-commerce, keeping the seller as the customer's sole interlocutor is seen as a more protective measure for the consumer. Going back on this principle would raise legal uncertainty, administrative and practical issues.



## ESG measures

PostEurop Members recall their strong commitment and notable achievements in the field of Environmental, Social and Governance (ESG) issues. Postal operators, like all companies, are subject to numerous cross-functional ESG obligations, including extra-financial reporting, corporate duty of care and taxonomy.

- Proposals regarding access to financing for retraining and upgrading workers' skills, as well as facilitating access to green technologies, are very welcome for a postal sector that is undergoing change and whose historic business is disappearing.
- Working conditions within the sector should be on a decent level. However, introducing sector-specific rules can distort the market compared to other sectors. Hence, horizontal legislation as well as national legislation are considered more appropriate frameworks to deal with labour provisions.
- Sector-specific obligations on sustainability reporting and environmental impact are equally not desirable, given the already existing (and upcoming) EU legislation on ESG that applies to all sectors horizontally. Postal operators are already subject to measures on transport decarbonization, circular economy, transparent governance, and due diligence; therefore, sector-specific standards or requirements would bring little added value, while hindering compliance.

In conclusion, the Members of PostEurop hope that the exchanges and debates will continue and thank the Commission for this forward-looking study which contributes to this.



## DETAILED FEEDBACK ON THE KEY FINDINGS OF THE STUDY

### Introduction

PostEurop and its Members have read the recently published study by the European Commission (EC) “**Prospective study on the future of the postal sector**” with great interest. The study addresses main developments in the sector and proposes several possible policy options.

PostEurop and its Members welcomed the possibilities to engage in discussions and provide the consultants with input during various events and workshops. In this response, PostEurop comments on the key findings of the study and the proposed possible policy solutions.

As a background for this contribution, PostEurop’s Members would like to recall their previous positions and contributions to the study<sup>234</sup> as well as the recently published PostEurop Manifesto<sup>5</sup>. In addition, to better understand the contribution of the PostEurop Members, we invite you to have a look at our “Sustainability Vision”<sup>6</sup>, which reflects the economic, social and environmental impact of Universal Service Providers (USPs) in Europe.

### Comments on the 5 identified scenarios for the future of the postal sector

The study outlines the future of the postal market until 2040 through 5 scenarios and identifies challenges and obstacles. Based on this, the study formulates potential policy solutions to which stakeholders in the postal sector contributed input in the very final stage.

- In all 5 scenarios, the study finds that letter volumes will keep on declining steeply. This has already put financial sustainability of the universal service under pressure, and this pressure will continue to increase. USPs have been warning for quite some time now for an increase of unit costs in the letter market due to volumes decline. The European Commission has consistently acknowledged the importance of the Universal Service Obligation (USO) and its increasing cost. Therefore, **PostEurop believes one of the key policy objectives for this sector should be to ensure long-term financial sustainability of USPs considering the dramatic drop of mail volumes.**
- With regards to the USO the study finds that market dynamics work toward a reduction of the scope and features of the USO. However, in the ‘post-carbon discipline’ scenario and the ‘social value post’ scenario, the scope of the USO remains extensive due to societal preferences. Apart from these findings, the study concludes that in all scenarios unit cost of letters will increase, which negatively impacts the financial sustainability of the USO. The study proposes several solutions, such as lowering service standards in the EU regulatory framework to provide individual Member States with more flexibility to adapt national rules. Additionally, the study sees opportunities to ensure the financial sustainability of USPs by requiring net cost compensation or facilitating state aid.
- There is no doubt that one of the **key policy objectives for this sector should be to ensure the long-term financial sustainability of the USO.** To this end, given the dramatic declining trend in letter volumes, PostEurop believes there is a fundamental need:
  - to provide Member States with the **flexibility to define universal service obligations** (i.e. frequency, speed and delivery locations, network access points, etc.) taking into account specific national circumstances (to reduce USO costs);
  - to strengthen the obligation of Member States to **fully compensate USPs for the net cost of the USO** whenever incurred (to ensure the financial balance of the USP);
  - and to **facilitate access to state aid** in this area also to support the development of innovative solutions to ensure social and territorial cohesion and to address the challenges related to the inexorable decline in letter volumes and revenues and the impact of digitization (i.e. new SGEI).

<sup>2</sup>[PostEurop's input to the European Commission's Prospective Postal Study - Comments on 5 Scenarios - PostEurop](#)

<sup>3</sup>[PostEurop's Input to the European Commission's Prospective Postal Study comments after the 2nd workshop - PostEurop](#)

<sup>4</sup>[PostEurop's Input to the European Commission's Prospective Postal Study – Post Workshop 3 Survey - PostEurop](#)

<sup>5</sup>[PostEurop's Manifesto for 2024-2029 sets out Members' vision and commitment for Citizens, Businesses and Planet to help the EU reach its objectives in coming years. - PostEurop](#)

<sup>6</sup>[221114-FINAL-SUST-VISION-INFOGRAPHIC\\_ENG\\_rev2023.pdf](#)

We also believe that, to be effective, these options must be considered complementary (not alternatives).

- Throughout the different scenarios, the study expects that delivery frequency and speed for letters will deteriorate. We acknowledge that service levels are subject to changes, which are mainly driven by the drop in volumes. Needs and preferences vary between Member States, which makes flexibility in a new regulatory framework crucial. Moreover, **PostEurop Members are convinced that future focus should be on reliability and predictability of delivery, rather than on speed**, while allowing Member States enough flexibility to adjust delivery frequency, speed and location based on their country-specific needs.
- The study finds a tendency towards consolidation/concentration in the letter mail segment, due to the decline in volumes, and suggest it could lead to a decrease in quality and innovation. **PostEurop Members find no correlation between market concentration and quality of letter services**, considering this segment is progressively becoming less attractive to entry of competitors given its decline. Furthermore, postal operators in the letter business compete with digital alternatives and therefore the market as a whole should be taken into account. Additionally, there are already «consolidator» companies who regroup the mail to be sent by different business customers so these can benefit of lower tariffs due to large, consolidated volumes dropped at the postal operator. **PostEurop Members believe promoting more competition through mandatory open network access for the letter mail business would not be effective considering the decline in its attractiveness**. Moreover, it would have adverse effects on postal services and ultimately, further increase the unit net cost for universal service providers.
- In most of the scenarios, expectations are that parcel volumes will keep on increasing, mainly driven by e-commerce. Only in the ‘post-carbon discipline’ scenario, volumes are expected to stabilize. At the same time, there are already many players active in this market, unlike in the letter services segment. The study points out that these volume increases could create new market issues. It suggests new regulations to ensure a level playing field in the sector, particularly regarding large e-commerce platforms.
- The EU parcel market including cross-border is a key source of economic growth for EU businesses and has proven to be highly competitive. Therefore, **to further support its development, PostEurop believes the EU should avoid its overregulation without imposing unjustified burdens. PostEurop Members support a level playing field but see the Postal Directive as an unsuitable legal framework for promoting this**. The Postal Directive should focus on a sustainable universal service, not on regulating the e-commerce delivery market, keeping in mind that parcel delivery services are subject to well-proven horizontal regulation like general competition law and legislation protecting consumer rights. For the development of letter prices, the study finds similar outcomes throughout the scenarios, namely that an upward evolution is to be expected. This expectation is understandable, since drops in volumes will lead to increases in unit costs. On the parcel side, the study finds a mixed picture. **PostEurop Members would like to emphasize that a lot of players are active in the parcel market which leads to a pressure on prices due to existing competition**.
- With regards to the user needs and vulnerable users the study finds that needs of typical users are met in almost all scenarios, but widening unmet needs of vulnerable users are foreseen in some scenarios. PostEurop Members in their role as postal operators will play a vital role for vulnerable users. **The definitions of vulnerable users vary per Member State and therefore flexibility for Member States to identify these groups of citizens is crucial** to tailor the USO to the diverse needs and circumstances of different countries.
- The study finds that employment within the sector is driven by its developments. The study points towards the expectations of declining letter volume and (possible) increases in parcel volume. Employment can vary between different providers. Furthermore, the study expects a deterioration of employment quality across scenarios. In various positions and responses, **PostEurop Members have elaborated on the importance of investing in their labour force. However, minimum labour standards (wages and working conditions) are already well-**

**regulated at national levels and through existing EU legislation. Additional sector specific standards are unnecessary and could create regulatory overlaps.** In this sense, Member States should have enough flexibility to address labour aspects based on their national legislations.

- With regards to environmental considerations the study expects that in all scenarios, some efforts are made to reduce emissions and air pollution with varying success. PostEurop think that this conclusion is too short-sighted. As elaborated in more detail in other position papers, PostEurop and its Members place sustainability at the core of their activities and are fully aligned with the EU's objectives of reducing net greenhouse gas emissions. European USPs have begun to further decarbonize their operations to align with the EU's climate agenda by greening corporate fleets. Furthermore, **PostEurop Members are of the opinion that sector-specific measures are not necessary and will lead to additional administrative burdens, since horizontal legislation is already in place.**
- Lastly, it is important that new or revised regulations align with market conditions. For example, market monitoring by regulators is already in place and additional powers would lead to more administrative burdens. In general, it is key to determine whether the identified challenges are specific to the postal and parcel sector or if other sectors are also (partly) facing the same challenges. In such cases, generic challenges require generic solutions, hence **PostEurop Members believe increased sector-specific reporting obligations would entail an unjustified burden.**



## Comments on the key findings and possible policy solutions

Based on the five scenarios and the main findings across these scenarios, the study lists 7 key challenges to the sector, which are expected to emerge with a time-horizon of 2040. These key-challenges are accompanied by possible policy solutions which are ranked based upon input from stakeholders.

In this regard, PostEurop would like to stress that, while in general the Study has been carried out with broad engagement of stakeholders, **we would have welcomed a more targeted and participative discussion around the mapping of potential policy solutions**, considering the importance of these for the future of the sector. Moreover, the methodology through which key issues and potential policy solutions have been selected and ranked by their importance is unclear and lacks analysis supporting the findings. Indeed, we consider the potential policy solutions mapped by the Study should be carefully examined in order to better identify their suitability and related consequences.

In this section, PostEurop Members will elaborate further on the identified key-challenges, as well as on the proposed possible policy solutions. Furthermore, PostEurop Members call upon the European Commission to keep on engaging with the sector in case changes to the Postal Services Directive (PSD) are considered.



**Key-issue 1: “Increased net costs of the universal service obligation caused by lower efficiency and profitability of the universal service, due to further reductions in letter volumes and increase in net unit costs”**

PostEurop underlines that the ongoing increase in net cost of letters is one of the most pressing issues within the sector. Changes to the PSD with regard to the scope and service levels of the USO are highly effective. However, since Member States differ to large extent, a flexible regulatory framework is vital. This goes hand in hand with strengthening the financial sustainability of the USO by full net-cost compensations for USPs and facilitating the process of providing state aid for postal services.

- PostEurop Members fully agree that this is one of the main challenges for the sector. The question is not if this issue will arise, because postal operators find themselves already in the situation of increasing net costs of the USO and subsequently increasing pressure on the financial sustainability of the USO. Moreover, postal operators face additional challenges due to increases in costs of labour and inflation. Since carrying out the USO requires a certain network, it is complicated for postal operators to adapt these networks to changing demand.
- The study proposes two possible solutions, which are further elaborated in possible measures. First of all, the study proposes to reduce net USO costs and secondly, the study proposes to increase USP’s income and/or compensate them better of the net cost of the USO.
- PostEurop Members find that **these possible solutions are of utmost importance to continue to enable postal operators to provide the USO**. The USO remains relevant as it guarantees that all citizens and businesses have access to postal services, particularly in rural and remote areas where commercial incentives may be insufficient. The PSD provides the regulatory framework that ensures basic services to be maintained across the EU and **strengthening provisions aimed at ensuring the financial sustainability of the USO and the full compensation of its net cost should be a key objective of a review of the PSD**.
- The most effective and feasible measure the study finds is changing the delivery frequency and speed of the USO. Furthermore, the reform of the delivery location, changes to reduce the scope of the USO and PSD and reducing administrative burdens by reducing reporting obligations are considered highly effective and feasible. PostEurop Members fully agree that these measures are highly effective to reduce the net cost of USO. Different Member States already changed national legislation in this direction in order to keep the USO financially sustainable. Furthermore, since letter volumes decline, the emphasis has moved towards ensuring reliable and predictable delivery services rather than solely focusing on speed. This shift is essential to maintain user satisfaction and trust in the postal system.
- PostEurop Members underline in addition that not all Member States are alike, and national situations can largely differ. Therefore, a maximum level of flexibility is needed to make decisions which suit best for national circumstances. There is no 'one-size-fits-all' universal service obligation and providers need the ability and flexibility to introduce innovative delivery solutions and provide services adapted to their specific circumstances and social needs, as well as changing customer needs. We stress the importance of flexibility in regulatory frameworks to enable agile responses to market developments, promote efficiency and support sustainable growth.
- The study also lists a few less feasible and effective measures such as changes to the compensation fund, widening the USO definition with other services of general interest and a USO that merely focusses on vulnerable users. PostEurop Members are of the opinion that these measures will not be effective or sufficient towards realizing a sustainable USO. A compensation fund is problematic, as it often results in postal services effectively paying for their own subsidies. Reforming could only be effective if the main contribution for the funds comes from State funding.
- Regarding vulnerable users: the identification of vulnerable users varies through Member States and there is a need for future flexibility in determining vulnerable users. A basic USO service that is aligned with country-specific user needs should be available to all citizens. Meanwhile, potential targeted measures for vulnerable users may be established from a country-specific perspective on top of the USO.

**Key-issue 2: Lower effectiveness (ability to perform its function and deliver on its objectives) of the universal service due to Member States's varied reductions in scope and features in order to respond to cost pressures and shifting preferences of typical users”**

As stated before, Members of PostEurop advocate for a future-proof regulatory framework with flexibility for Member States to tailor the USO to country specific needs. Several Member States already adjusted service levels within the USO, leading to differences between countries. PostEurop Members do not observe that this leads to lower effectiveness of USO. As already mentioned, the emphasis has moved towards ensuring reliable and predictable delivery services rather than solely focusing on speed.

- The study proposes two possible solutions, which are further elaborated in possible measures. First, the study proposes to accommodate different development trajectories for Member States and/or include the financial sustainability of the USP as a reason for derogations in scope and features. Secondly, the study proposes to ensure careful market monitoring to identify emerging market failures.
- Accommodate flexibility in the regulatory framework for Member States are key to financially sustainable services in the future. However, if a new regulatory framework foresees in the introduction of rigid minimum standards, conditions for derogations or additional administrative burdens by the introduction of additional market monitoring, the benefits of flexibility are offset. This also is the case if derogations are allowed merely on the basis of user needs. The proposed change by loosening quality standards in annex 2 (regarding intra-community cross-border mail) could be effective but needs further study.
- With regards to cross-border parcels, tariffs have not been found excessive, but affordable for consumers and businesses. The postal operators promote cost-effective and efficient cross-border parcel delivery services to benefit both consumers and businesses. Current level of interoperability is already high. Imposing additional mandatory standards could hinder innovation and flexibility, which are crucial for market development.

**Key-issue 3: “Inadequate user rights (including access of vulnerable users to postal services) in the context of changing universal service scope and features in the Member States and growing e-commerce”**

Members of PostEurop are committed to providing reliable and affordable services to consumers. This contains services for vulnerable users, but as stressed before: every Member State should be able to identify vulnerable users in line with national circumstances. Offering reliable services comes with rights for consumers. Nevertheless, it is important that regulation does not overshoot or lead to overcompensation, respects the need for a level playing field and is in line with contractual agreements. With regard to cross-border parcel delivery, studies found that tariffs are not excessive, and that differences in cross-border delivery tariffs are a result of transport costs. Furthermore cross-border parcel delivery takes place in a dynamic and very competitive market and interoperability is also high.

- The study proposes three possible solutions, which are further elaborated in possible measures. First of all, the study proposes to ensure stricter market monitoring to identify emerging market failures in terms of the unmet needs of vulnerable users. Secondly, measures are proposed to strengthen the rights of all users and thirdly the study proposes measures to safeguard territorial cohesion.
- As stated above, PostEurop Members believe that ensuring essential postal services for vulnerable users, including those in remote or underserved areas, is a priority. However, this requires tailored solutions that address the specific needs of the different populations in Member States while maintaining the financial sustainability of the USO. We believe that vulnerable users might be identified differently in the Member States, depending on national circumstances, and might change over time. The regulatory framework should be based upon this principle and reality.

- Furthermore, the study proposes to strengthen the rights of all users by improving complaint handling and strengthen the rights of recipients. PostEurop Members support a balanced and fair approach to handling complaints and compensations. However, it is important to note that postal service operators generally do not have a contractual agreement with the recipient. Complaints are regularly handled in close cooperation with senders and changes to the framework, if deemed necessary, should avoid additional bureaucratic regulations and more confusion among consumers, sellers and the service providers involved. Next to that, double compensations should be avoided and a level playing field amongst all postal operators should be ensured.
- The study identifies a possible issue regarding cohesion on the EU-level, especially regarding tariffs and delivery speed of cross-border parcels. PostEurop Members do not agree with this potential issue. Tariffs for cross-border parcel services have not been found excessive, but affordable for consumers and businesses. The ERGP Report states that most NRAs concluded that there was no evidence of tariffs being unreasonably high, with only a few exceptions, and these tariffs did not significantly impact accessibility to the service in question. The postal operators promote cost-effective and efficient cross-border parcel delivery services to benefit both consumers and businesses, and large investments to comply with decarbonisation rules. Furthermore, the current level of interoperability is already high. Imposing additional mandatory standards could hinder innovation and flexibility, which are crucial for market development.

**Key-issue 4: “Decrease in quality and innovation, as well as increase in prices, for both letters and parcels, as a result of increased market concentration and barriers to entry”**

**A reliable service is of utmost importance for Members of PostEurop. However, whilst identifying key-issues it is important to differentiate between the letter and parcel market. Although most USPs are active in both markets, developments in both markets are completely opposite. Requirements with regard to mandatory open access to the letter postal network will further weaken the financial position of USP, while on the other hand most of these postal operators are active in the parcel market and operate in a highly competitive market. Therefore, the question also raises why additional market monitoring and enforcement is necessary.**

- The study proposes two possible solutions, which are further elaborated in possible measures. First, the study proposes to reduce barriers to entry and encourage new entrants. Additional measures are proposed to ensure effective market monitoring and enforcement in this regard.
- PostEurop Members are active in markets that develop in totally different directions. Within the letter market, the main challenge is to maintain a reliable network that is financially sustainable. Mandatory open access in a market that has been declining for quite some time and which will continue to decline would put additional pressure on the financial sustainability of USPs network. The parcel market on the other hand is highly competitive with no barriers to entry. Furthermore, in both the letter and parcel market postal operators will continuously seek to make existing networks more efficient. This is at the heart of our operations. Interoperability where possible, efficient and necessary is an integral part of this continuous developments.
- In this regards, PostEurop Members do not see any reason to further strengthen the position of NRAs, since sufficient regulation is already in place and new regulation will lead to an increase in administrative burdens without significant benefits. Furthermore, mechanism to exchange experiences and safeguards to ensure independence of NRAs are already in place.

**Key-issue 5: “Distortion of the level playing field in the wider postal sector that may potentially arise as a result of the expansion of e-commerce platforms into delivery services”**

With the continuous innovations from businesses and the multiplication of e-commerce platforms, e-commerce-related parcel volumes will continue to grow. To meet current and future challenges, PostEurop Members are committed to continue their large investments to bring state-of-the-art, sustainable delivery solutions in an ever-changing and highly competitive environment. In order to do so, a level-playing field is important. Although the postal sector faces challenges in this regard, possible solutions or improvements do not necessarily mean a change to the current PSD or laying down a regulatory framework within existing postal legislation.

- The study proposes to ensure a level playing field by clarifying definitions regarding postal operators and the scope of the PSD.
- PostEurop Members believe that the current parcel market is highly competitive, which is also confirmed by various reports and studies. Furthermore, we observe new entrants in niche markets as well as platforms that vertically integrate in the market. Well-functioning of the market is to a large extent dependable on the existence and assurance of a level playing field. PostEurop Members are strong advocates of retaining this fair competition. However, a new regulatory framework should address the issue and needs to be laid down in relevant legislation. The PSD is not suitable to work out this regulatory framework, since it will be difficult to identify all market players and therefore could lead to extensive administrative burdens for postal operators. The effective application of competition law and regulations on Digital Markets and Digital Services is more appropriate and efficient to establish a real “level playing field”.
- Moreover, the study suggests clarifying certain definitions in the PSD, such as sorting activities. PostEurop Members do not understand in which way this would address the assumed issue.

**Key-issue 6: “Reskilling needs as a result of market developments and the changing role of USPs; deteriorating employment models and conditions”**

Well-trained and skilled workers are crucial in delivering letters and parcels with high quality to offer reliable postal services. PostEurop Members are committed to continue the investments in postal workers and to foster reskilling and upskilling to keep up with market developments in the letter and parcel market. However, setting sector-specific labour standards does not have added value and should be avoided. Labor standards should be arranged in horizontal legislation.

- The study proposes to mitigate worsening employment conditions by facilitate EU-funding for reskilling and upskilling workers. Furthermore, the study proposes to lay down minimum labour standards for certain activities in the postal sector.
- As mentioned before, PostEurop Members are convinced that reskilling and upskilling postal workers is crucial to persist in offering reliable postal services. The continuing decline in letter volumes will undeniably have impact on the workforce committed to this task. However, the study already suggests losses in employment regarding the delivery of letters can be offset by the growth in parcel volumes, which is only partly true for USPs. Empowering workers to undergo this transition is vital to postal operators. Support in funding for the reskilling and upskilling of workers could facilitate the adoption of new required skills by the postal workforce. Besides, even if the optimal size of the postal workforce should be decided by each operator, undesired impacts could be prevented by improving employees’ adaptability, competences, and resilience.
- It should however be noted that the employment rate with regard to letter delivery could not decline in the same proportion as the decline in letter volume. Delivery of letters requires a vast network of deliverers that need to cover a certain area. I.e. the distance travelled to deliver 1 letter to a household, compared to delivering 3 letters to a household in the past, is the same, but the volume of delivery declined drastically. The same holds true for the number of

letters delivered in one street: the distance of travelling through one street by the deliverer is the same today compared to the past, but the number of deliveries declined.

- The study also proposes to set minimum labour standards for certain types of activities in the postal sector and adjacent sectors to the PSD. PostEurop Members believe that working conditions within the sector should be on a decent level. However, laying down sector-specific rules can distort the market compared to other sectors. Moreover, it can lead to an unlevel playing field, since capturing all adjacent sectors with similar or comparable business models can be challenging. PostEurop Members therefore believe that working conditions should be agreed upon in horizontal legislation as well as be subject to national agreements and ways of working.

### **Key-issue 7: “Increased net environmental emissions as a result of the growing parcel volumes and reduced capacity to invest”**

**PostEurop and its Members place sustainability at the core of their activities and are fully aligned with the EU’s objectives of reducing net greenhouse gas emissions. PostEurop Members are frontrunners in the stride towards lowering the industry’s carbon footprint by investing in and prioritizing sustainable solutions. Furthermore, it is important to note that demand for goods is not solely linked to e-commerce. In this regard, it is important to note that various studies show that delivery of goods comes with a smaller carbon footprint compared to traditional retail. In case further measures to lower the carbon footprint of e-commerce are considered, focus should be on fostering tangible improvements, rather than on transparency regulation.**

- The study proposes to reduce the environmental footprint of the parcel segment and proposes several measures such as facilitating access to EU funding, require e-retailers to offer at least one ‘green’ delivery option and imposing different transparency obligations.
- PostEurop and its Members place investing and fostering of sustainable delivery at heart of their operations and are fully aligned with the EU’s objectives of reducing net greenhouse gas emissions by at least 55% by 2030 and to become the first climate-neutral continent by 2050. PostEurop Members currently have one of the largest low-emission fleets which includes over 109,000 electric vehicles and 14,000 vehicles powered by alternative fuels. We also heavily invested in ‘green’ operations with the purpose to reduce GHG emissions. Key measures include the decarbonization of fleets, fostering zero emission delivery modes, improving resource efficiency, and optimizing delivery routes. It is therefore expected that emissions related to e-commerce delivery keep on declining over time, leading to carbon-free deliveries in the upcoming decades. However, investments in sustainable transformation are very expensive and require great funding, which is usually difficult to access for USPs in a challenging market context. Access to EU-funding can therefore further boost green investments.
- Furthermore, it has to be noted that citizens have a demand for goods. In the past goods were purchased and obtained in traditional retail stores, requiring citizens to visit physical stores. In the past years, the number of goods delivered at home increased, which led to an increase in traffic movements related to e-commerce. However, postal operators have made (and continue to make) large investments in decarbonising their fleets and processes to mitigate negative externalities of e-commerce driven transport while responding to consumer demand of e-commerce goods. Regarding transparency, postal operators are already subject to a large amount of reporting obligations coming from horizontal legislation. For example, The CSRD and CSDDD already include PostEurop Members in their scopes of application, mandating us to report extensive data on ESG performance, including on emissions. This information will be widely available in the years to come. Sector-specific obligations to report sustainability data would therefore create additional administrative burden, especially for postal operators who are already bound by CSRD and CSDDD, while benefits are limited.



## Conclusion

**PostEurop calls upon a clear roadmap and timeline following the publication of this study.** In case of future changes of the PSD, PostEurop and its Members would like to work in close cooperation with the Commission and other stakeholders to realize an effective and feasible regulatory framework that addresses the key-issues in the postal sector.

As stressed before, PostEurop Members urge upon flexibility for Member States in determining the service standards of the USO. National circumstances differ between Member States and there is no one-size-fits-all solution. Furthermore, financial sustainability should be a key-principle in changing the regulatory framework.

PostEurop Members urge the Commission to keep a focus on the postal sector within the PSD and to stay away from enlarging the scope of the PSD, leading to large administrative burdens for USPs and increasing uncertainty in legislation. Furthermore, it is important to identify which challenges are sector-specific and need to be addressed in the PSD and which challenges are also faced by other sectors, and therefore need a different or more horizontal regulatory approach.

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