

# Position on the European Taxonomy



**PostEurop<sup>®</sup>**

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## 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.

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## CONTEXT

The EU taxonomy<sup>1</sup> is a classification system established to clarify which investments are environmentally sustainable, in the context of the European Green Deal. A first delegated act on sustainable activities for climate change adaptation and mitigation objectives<sup>2</sup> is applicable since January 2022. A second delegated act for the remaining objectives, i.e. "Environmental Delegated Act", should be published in 2022.

**Postal operators as an essential driver of social inclusion and territorial cohesion are investing heavily in environmental-friendly delivery options to reduce their GHG emissions and carbon footprint.** With one of the largest fleets of professional electric and alternative fuel vehicles, 170,000 of its postal employees delivering on foot throughout Europe while over 89,000 delivering by bike, and the outstanding increase of electric bikes used for the last mile, postal operators are a unique example of zero-emission delivery within Europe<sup>3</sup>. They are key enablers of economic growth in the e-commerce market and for circular economy. For the moment, a large part of postal companies activities' alignment is considered under the transport of freight sector and related screening criteria. This classification doesn't enable to take into account key levers of transition and adaptation for the postal sector. Therefore, considering its growing importance, large environmental impact and specificities, the EU taxonomy should consider the postal sector as a **specific sector** to develop **relevant technical screening criteria**, particularly relevant for the climate and pollution objectives.

### The postal sector is a growing and impacting sector marked by strong specificities

The e-commerce market has experienced strong growth with a share of sales that nearly tripled between 2014 and 2019 to reach \$4.9 trillion. The pandemic has been a catalyst for change in consumption patterns and e-commerce is expected to grow by 50% over the next four years, reaching \$7.4 trillion by 2025. **E-commerce parcels delivery** global volumes reached 131.2 billion in 2020 (+ 27% in one year)<sup>4</sup>. This represents 4,160 parcels shipped per second or 34 parcels delivered per person per year (compared to 12 in 2014). The main international postal operators estimate that the growth of B2C deliveries from e-commerce will increase by 10 to 15% per year until 2025<sup>5</sup>. The

**expected doubling of parcels delivery volumes by 2025** represents significant environmental challenges.

Besides parcels' delivery, for centuries the sector has been providing a unique and **essential service of communication and information exchange to the society via mail delivery**. With 258 million delivery points across 53 countries connecting businesses with 800 million customers every year, postal operators, members of PostEurop are an **engine of economic growth supporting the evolution of usage patterns and consumer habits**, as well as an **essential driver of social inclusion and territorial cohesion in Europe as underlined in the Postal services directive**. The sector employs over 2 million employees, representing 1% of Europe's GDP and its widespread activities have spill over effects over a multitude of other sectors<sup>6</sup>. Under the Universal Service Obligation, operators in charge have to deliver every address at least five days a week.

Thanks to the capillarity of their networks combined to their **pooling approach**, postal operators deliver goods and offer environmentally optimised logistics solution to everyone all over the territory, being it SMEs willing to develop their online sales or any citizen willing to receive or ship a product. Postal operators are a key enabler of circular economy. The postal activity consists in an end-to-end integrated process involving collecting, transporting and delivering light individual goods for many senders and recipients merging several types of flows: B2C but also B2B and C2C.

Furthermore, road transport encompasses heavy loads of goods for a single customer (mainly B2B) within a point-to-point exclusive model.

The postal sector acts therefore as a "bus of parcels" with effects quite comparable to those of passengers' transport by coach: the same vehicle gathers several trips (of passengers or parcels) intended for multiple addresses served by an optimised round which enables to avoid multiple individual trips (to pick up a package in a store, warehouse, etc.). Due to its economic model, the postal sector is characterised by a low "weight/volume" or "density" ratio: while a semi-trailer has a load capacity of 35 tons, the load weight is less than 10 tons for the postal sector as a parcel weights on average 1.5 kg.

<sup>1</sup> Regulation (EU) 2020/852

<sup>2</sup> Sustainable finance package | European Commission ([europa.eu](http://europa.eu))

<sup>3</sup> PostEurop Sustainability vision 2022

<sup>4</sup> Pitney Bowes' Parcel Shipping Index 2021

<sup>5</sup> IPC Global Postal Industry report 2021

<sup>6</sup> PostEurop Sustainability vision 2022

As key players in the economic and social life of all European countries, postal operators are aware of their impact on the environment (both on **climate and air pollution**). For decades now, they have been acting and investing to reduce their footprint. The 25 main operators organised within the International Post Corporation (IPC) have reduced their GHG emissions by -34% since 2008. They have also set ambitious collective objectives for 2030: a decrease of 50% of GHG (vs. 2019) with alternative vehicles representing 50% of the fleet, including 25% of electric vehicles. **The postal sector is the only sector to have set common targets with relevant sectoral indicators.**

### **The opportunity to recognise postal services as a specific sector to address key climate change impacts**

Considering its growing importance, large environmental impact and specificities, the European taxonomy should consider the postal sector as a **specific sector to develop relevant technical screening criteria**, particularly relevant for the Climate and Pollution objectives. This even more as the postal sector together with express activities are identified by a **specific NACE code**: H. 53 "Postal and courier services activities".

Two complementary criteria can support the transition of the sector ensuring a significant contribution to the Climate and Pollution objectives:

- The transformation of operational schemes towards a maximisation of the **pooling of letter and parcel flows**, based in particular on the vehicles' pooling rate;
- **Sustainable mobility** means oriented towards zero direct CO<sub>2</sub> emission vehicles or delivering on foot and by bike.

The alignment of the postal sector activities could therefore be established on the basis of these two criteria. If the second technical criteria already exist for transport (but may be adjusted to support the pooling approach as part of the transition path, as it is the case for passengers' transport), the first one has to be defined for both the Climate and Pollution objectives based on meaningful ratios. The vehicles' pooling rate criteria are particularly relevant as there are no economically viable zero emission vehicles for the line-haul segment of postal activities, contrary to the collection and delivery activities which are operated with light-duty vehicles. Assets and investments boosting the pooling effects thus maximising the impact reduction (such as double decks and swap bodies which have a significant effect on the pooling rate and reduce the number of vehicles used) should be considered as green capex for both Climate and Pollution objectives.

The postal sector, using its capillarity throughout the territory, supports the development of **circular economy** in the same way as (and together with) digital platforms which enable to sell second-hand objects have transformed consumption habits. First mile delivery (reverse logistics) is crucial to collect these flows of diffuse objects emitted by citizens to citizens (C2C) scattered in the territories, while last mile delivery is essential for the return of objects repaired or the delivery of second-hand products (C2B, B2C, B2B).

## **CONCLUSIONS**

The EU taxonomy would support sustainable investments in economically efficient logistics models by making it clearer which economic activities most contribute to meeting the EU's environmental objectives. The **postal sector is the only sector to have set common targets with relevant sectoral indicators and therefore specific technical screening criteria, particularly relevant for the climate and pollution objectives should be developed** to incentivise the decarbonisation of the postal sector.

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