

Ms Agnieszka Skonieczna
Head of Investment Conditions
and Public Services Unit
European Commission / DG GROW
Avenue des Nerviens 105
BE-1040 Etterbeek

Brussels, 14 April 2023

Ref: EFR,BS/023/4/jv

PostEurop's comments related to the Environmental impact of e-commerce study

Dear Ms Skonieczna,

With great interest we have read the study "Impact of e-commerce driven transport and parcel delivery on air pollution and CO2 Emissions"¹ which was conducted by Prognos AG, among others, upon request by the European Commission and whose findings were presented in a public workshop at the end of March 2022, while the final report of the study was published in October 2022.

While the study according to the underlying tender specification set by your directorate had the aim to compare the Green House Gas (GHG) impact of eCommerce in contrast to brick-and-mortar retail, the focus soon switched to examine the extent of emission reductions achievable in the postal and logistics business as a whole. It cannot be disputed that logistics processes do not differ significantly whether a good is sold in a shop and picked up by the consumer there or purchased online and then delivered either to the buyer's doorstep or to a designated pick-up point for collection by the recipient. However, we feel that an unjust focus was set on the role of eCommerce in air pollution or GHG emissions. It appears that the study neglects the efforts already made by the sector voluntarily to reduce GHG and air pollutant emissions while figures show that postal companies in Europe are among the forerunners on that issue in particular as regards the development of alternative fleet of vehicles. Postal operators have one of the largest eco-friendly combined fleets of the industry, including over 30,000 electric vehicles and 58,000 powered with alternative fuels. To date, up to 77% of electricity used by postal operators is from renewable sources. Hence, postal operators rely on the most environmental-friendly team including 170,000 postal employees delivering on foot, and over 100,000 delivering by bike or e-bike around Europe. We would also like to underline that some of the hypotheses presented by the consultant seem quite unrealistic and could lead to wrong conclusions.

Increased density of pick-up points

The consultant assumes that in 2030 doorstep delivery of goods would not be the preference of consumers in many countries. Rather, there would be a dense network of pickup points accessible for all operators (lockers, retail outlets) where recipients would pick up their parcels by foot or bike. While doorstep delivery is becoming less common in some EU countries and delivery to local shops or lockers is more developed in some Nordic countries, doorstep delivery still remains one of the most common delivery locations in most EU countries.

This is acknowledged by different studies in the sector, such as the "User Needs in the Postal Sector and Evaluation of the Regulatory Framework" study, made by WIK for the EU Commission in 2021, which concludes that "*there is broad consensus for home delivery of letters among individuals. Compulsory changes will probably not be acceptable in the future. Home delivery of parcels is also preferred by many consumers (p. 135) [...] there is an increasing user need for convenient delivery of e-commerce packages, which includes an expectation of home delivery as a default in almost all Member States (p. 151)*".

¹ <https://op.europa.eu/en/publication-detail/-/publication/f881f31e-4915-11ed-92ed-01aa75ed71a1/language-en/format-PDF/source-search>

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Given the current delivery preferences, it is doubtful that doorstep delivery will almost vanish elsewhere in some years' time. Figures confirm that home delivery remains the preferred delivery location in several countries with the IPC domestic e-commerce shopper survey indicating that 63% of respondents received domestic parcels at home with delivery satisfaction being the highest for home delivery. Further, the study omits the requirements of an increasingly aging population. For an older population, especially people restricted in their mobility, home delivery of parcels will continue to be an important form of attending to daily needs. Fast growing possibilities to increase option to track & trace and change the address of time/day of delivery help postal operators to ensure that the vast majority of parcels are delivered to the doorstep at first attempt.

Additionally, one of the advantages of eCommerce is allowing to avoid carrying heavier goods (e.g. wine casks or animal food) home from a shop. It is therefore doubtful that the large majority of parcels would be picked-up by foot and not by car, e.g. on the way home from work. Furthermore, complex orography especially in rural and remote areas make travelling by car the first choice rather than walking, e.g. in form of combined journeys to pick up parcels together with the weekly grocery shopping by car.

Further ways to increase the environmental performance of home delivery are not taken into consideration in the study. With out-of-home delivery, the burden of last mile delivery to be done with an environmentally friendly mode (EV, foot, ...) relies on consumers while for home delivery the burden relies on the postal operators which have more investment capacities to green the last mile. Therefore, it is a pity that the study focuses on the environmental performance of out-of-home delivery but fails to consider the potential of increased efforts made by postal companies to lower the emissions of home delivery including for instance further fleet electrification, optimization of delivery rounds and increased success of 1st delivery attempts. As such some features, which are attached in the study to office delivery for instance, like choosing the bundling of parcels on a fixed date are also fully applicable to the optimisation of home delivery. Thus, home delivery is not per se more harming to the environment than delivery to a pick-up point.

At the end what should prevail is the respect of customers' choices requiring the need to provide them with a diversity of choices including either home or out-of-home delivery to best meet their needs. Therefore, a study on the consumers' behaviour would be necessary to add to the reflection more data and hard facts rather than assumptions which may lack realism. The evolution of consumers' behaviour can be triggered by providing them more transparent and reliable data on the environmental impact of their delivery choices.

City logistics hubs

Another assumption of the study seems to be that in the future goods and parcels would not be delivered into city centres anymore by different logistics operators, but brought to micro hubs at or near a city centre where items would then be consolidated and delivered on the last-mile by "white label" trucks. This demonstrates a lack of understanding of parcel supply in city centres. Such a model would only make sense if today different delivery trucks entering the city centre would run not fully loaded. Due to expensive rents, generally little stargaze space is kept by inner-city shops, requiring constant delivery of new goods. In practice, delivery tours to the city centre are at full capacity, so replacing five fully loaded trucks of different operators by five "white-label" trucks would make no sense at all.

The assumption of a move to white label services, either for parcel lockers or for trucks, could lead to less innovation in the sector, poorer service quality and increased prices (due to additional steps in the supply chain). All of which would be to the detriment of the final consumer. Moreover, at present, technology, the regulatory framework for user and consumer data protection and even the cultural context show that the conditions for its implementation are not currently adequate.

The vehicles' bundling rate which is a key lever of the postal sector's environmental performance is not sufficiently taken into account in the study. The more the vehicles are full, the lower is the CO₂ emissions per parcel which is at the end a key indicator to well illustrate the capacity of the postal sector to increase its environmental performance per item.

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Near sourcing

Another focus of the expert workshop was a change of the production supply chain and a significant shift of production to inner-European sites. One of the obvious effects would be a significant cost increase, so the underlying assumption was that either customers would be willing to pay significantly more for a “near-sourced” product or that a major shift in trade policies would hinder producers of far-distant countries to sell at European markets. While near-sourcing already is a reality for higher-value goods and the label “Made in the EU” used as a marketing tool, it remains doubtful whether this in future will also apply to low-value goods. Also, taking the example of a t-shirt, while production would be possible in the EU, the raw material (cotton) would still have to be shipped long-distance. The consultant explicitly stated that the sourcing of raw material would be outside the scope of the study.

Shift from air to rail

Last but not least for production of goods remaining in the Far East, the consultant suggests a significant shift of transport mode from air to rail. Underlying assumptions, which were doubted by experts, are that all rail lines from China, Vietnam etc. through Russia, Mongolia, Kazakhstan etc. would be fully electrified and have significantly expanded capacities by 2030, something that when taking into account current events seems to be doubtful at the least. Also, experts pointed out that the largest part of goods manufactured in the Far East today arrive in Europe by ship, it seems doubtful to what extent rail transport can replace shipping capacities by 2030.

We remain at your disposal to discuss this matter further with you.

Kind regards,



Ms Elena Fernández-Rodríguez
Chairwoman



Mr Botond Szebeny
Secretary General

In copy to:

Ms Christelle Defaye-Geneste, La Poste, Chair of PostEurop European Union Affairs Committee
Mr Achim Schröder, Deutsche Post DHL, Chair of PostEurop E-Commerce Working Group