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COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

A comprehensive EU toolbox for safe and sustainable e-commerce

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E-commerce has revolutionised the way consumers and businesses interact, including small and medium-sized enterprises (SMEs), bringing numerous benefits to the EU economy as a whole. At the same time, the recent surge of goods bought online and imported into the EU directly to consumers has amplified the challenges associated with e-commerce. These include the risk of harm to consumers' health and safety from noncompliant products, the risk of irreversible environmental damage and negative carbon footprint, and a negative impact on the competitiveness of law-abiding businesses.

The EU promotes a vision of e-commerce that reinforces sustainability, convenience, safety and reliability, and is a vehicle for the digital transformation in line with the 2030 Digital Decade targets. E-commerce should foster innovative and responsible businesses, while applying fair trade practices and complying with EU laws.

This Communication outlines the Commission's comprehensive approach to addressing the challenges posed by e-commerce imports across their entire life cycle. The Commission announces its enforcement priorities, calling for strengthened cooperation and coordination among all relevant authorities. This cooperation should ensure that imported products directly shipped to consumers via e-commerce comply with EU rules and fair trading practices. To achieve this goal, the Commission calls on Member States and their competent authorities to play a proactive role in monitoring and implementing the key actions outlined in this Communication. Additionally, the Commission sets out measures to make customs and market surveillance authorities more resilient and effective, in particular through an advanced implementation of the Customs Union Reform, as it would both remove duty relief for low value consignments and enhance control capacities, as well as through a possible non-discriminatory handling fee for imported goods delivered directly to consumers. The Commission invites market and institutional stakeholders to collaborate in this effort.

1. TRENDS AND CHALLENGES IN E-COMMERCE IMPORTS

E-commerce has become an integral part of how consumers make purchases online. 70% of Europeans regularly buy products online¹, both from sellers' e-shops and through online marketplaces. 76% of consumers think that by 2030, shopping and selling products and services online will be among the most important digital technologies in Europe².

In recent years, online marketplaces, in particular, have experienced significant growth, with international players, and also many European businesses emerging as regional champions. Offers on online marketplaces include a broad range of products, often made attractive by their low prices, and simple purchasing process, with rapid and cheap delivery. Online marketplaces have opened up international trade in consumer goods: they connect consumers to a wide variety of sellers, from established brands to small producers and start-ups in the EU and worldwide. Often, they have a hybrid business model, acting not just as an intermediary between consumers and businesses, but also selling directly to consumers and supporting vast production and distribution channels outside the EU.

¹ Eurobarometer data for 2023, accessible at <u>E-commerce statistics for individuals - Statistics Explained</u>

E-commerce is a space of commercial and digital innovation, with personalised offers and recommendations, as well as AI-enabled optimisations, marketing solutions and applications for consumers.

E-commerce goods directly imported by consumers in the EU have surged in recent years and are expected to continue growing in volume at a rapid pace benefiting from the current duty exemption for low value consignments (up to EUR 150). According to EU surveillance data, 4.6 billion of such low value items were imported in the EU in 2024. This is almost twice the number recorded in 2023 (2.4 billion), and more than tripled since 2022 (1.4 billion). This corresponds to up to 12 million small **items** per day.



In 2024, 91% of all e-commerce shipments valued up to EUR 150 entering the EU came from China and their volume more than doubled between 2023 and 2024 – from 1.9 billion to 4.17 billion items. This surge coincides with the extremely rapid growth of certain online marketplaces. Temu and SHEIN, in particular, have grown exponentially in the EU market, scaling to over 75 million users in the EU in the space of a few months in 2024. Fuelled by pervasive online advertising, low pricing and ultra-fast delivery, the supply of low-value goods through such online marketplaces has in turn generated strong demand.

The rapid increase of imports shipped directly to consumers raises significant challenges that require urgent attention, in particular where imported products may be non-compliant with EU law. For example, around half of the fake products seized at EU borders that infringed intellectual property rights of SMEs were purchased online².

The surging volume of products that are unsafe, counterfeit or otherwise non-compliant leads to serious safety and health risks for consumers, has an unsustainable impact on the environment, and fuels unfair competition for legitimate businesses, with a significant impact on EU competitiveness in different sectors. The sheer number of products imported directly by consumers in the EU also puts an unsustainable strain on authorities.

1.1. Safety and product compliance

Dangerous, counterfeit or otherwise non-compliant products affect individuals' daily life. Consumers themselves see the presence of non-trustworthy online sellers among the top

² EUIPO & OECD, Misuse of E-Commerce for Trade in Counterfeits, 2021, <u>EUIPO_OECD_misuse-e-commerce-trade-in-counterfeits_study_en.pdf (europa.eu)</u>. Imports of counterfeit goods represent 5.8% of all goods entering the EU, see EUROPOL & EUIPO, Intellectual Property Crime Threat Assessment, 2022, <u>Report. Intellectual property crime threat assessment 2022_2.pdf (europa.eu)</u>.

online challenges that have the biggest personal impact on them³. There are serious risks for their health and safety, including the safety of children, given their specific needs and vulnerabilities.

According to Eurobarometer data, Europeans mostly buy clothes, shoes, accessories, but also cosmetics and beauty products online⁴. If such products do not comply with EU rules or applicable national laws, there can be serious health consequences, for example stemming from harmful substances in toys or cosmetics, the level of chemicals contained in clothes or in furniture, or from falsified medicinal products, illicit (synthetic) drugs and new psychoactive substances as well as muscle-building steroids and sexual enhancers.

There are also direct threats to security: criminals take advantage of the high volumes of ecommerce goods imported to distribute illicit goods, such as illicit (synthetic) drugs and drug precursors, explosives, firearms or 3D-printed weapons and parts. They often distribute them through small parcels sold on the grey and dark web, and sometimes through open online marketplaces. Tackling e-commerce as a distribution channel for criminals is important to effectively act against evolving security threats.

1.2. Sustainability aspects

The surge in e-commerce imports directly shipped to consumers also has very serious detrimental effects on the climate and the environment. Extremely low retail prices on some products sold online fail to reflect the broader environmental costs linked to the production, the direct shipping, and the complete lifecycle of the product.

Environmental costs also include increased pollution and climate impact from the use of certain materials or fossil fuel energy in the production of goods. In addition, such goods are often low-quality, which means they are not energy-efficient, do not last long and cannot be repaired easily.

These products are often shipped to consumers as individual consignments. The carbon footprint of this practice is considerable. It is also amplified by the short useful life of products, commercial practices such as fast fashion, potential returns of the products and high volumes of returned or unsold products being destroyed.

At the end of their short life, the non-compliant products themselves and their packaging generate problems for waste management. Likely, the fees for covering the costs of waste treatment have not been paid and often these products cannot be recycled due to the materials they are made of.

1.3. Unfair competition and loss of competitiveness

The growth in e-commerce imports directly shipped to consumers has also increased competition, including between EU sellers and those located outside of the EU and targeting their offer at consumers in the EU. However, this competition can become unfair and hinder the level playing field for legitimate businesses. If some sellers do not comply with EU product safety and consumer protection requirements, they avoid costs for ensuring the necessary quality, safety of materials and proper record-keeping and reporting. This is also true for businesses that do not apply EU environmental standards or circumvent contributing

³ 27% of surveyed consumers identified 'non-trustworthy online sellers' as having the biggest personal impact on them, fourth on the list of issues, preceded by the misuse of personal data, disinformation online and insufficient protections for minors. The digital decade - July 2024 - - Eurobarometer survey

⁴ 44% of online shoppers bought or ordered clothes, shoes and accessories, and 18% bought 'cosmetic and beauty products' <u>E-commerce statistics for individuals - Statistics Explained</u>

to waste management. Compliant sellers, however, incur these costs from a comprehensive legal environment and are placed at an economic disadvantage compared to traders that do not follow the rules.

In addition, there are direct losses incurred by law-abiding businesses. When an SME is the victim of, for example, counterfeiting or piracy, it has a 34% lower chance of survival than SMEs that did not experience any intellectual property infringement⁵. This cumulates into high losses for different branches of industry: the clothing industry loses close to EUR 12 billion in annual sales (5.2 % of turnover), the cosmetics industry EUR 3 billion (4.8 % of sales), and the toy industry EUR 1 billion (8.7 % of sales)⁶.



Furthermore, sellers of goods from non-EU countries benefit from an exemption from customs duties⁷ when the goods with a value up to EUR 150 (i.e. low-value goods) are directly shipped to consumers in the EU. Clothes are a telling example of this discrepancy: above this declared value, they are subject to an import duty of 12% of their value. Such goods are massively bought on fast-growth marketplaces, such as AliExpress, Temu and SHEIN, but they are also available on other marketplaces as well as on direct sellers' e-shops.

1.4. The EU has a comprehensive legal framework

The EU has a comprehensive corpus of rules regulating the entire life-cycle of a product imported in the EU and defining the responsibilities of the actors involved. Several pieces of law have recently been updated and other changes, in particular on customs and environmental protection, are currently being negotiated.

Sellers of products from non-EU countries who directly ship their products to EU consumers are generally responsible for ensuring the lawfulness of products they commercialise in the EU. These must, for example, comply with product safety regulation, consumer protection rules, and any other obligations based on EU or national law. For most consumer products, sellers are also required to have a responsible economic operator in the EU, making it easier to enforce EU legislation⁸.

All sellers must also comply with extended producer responsibility (EPR) requirements by contributing financially to the management of their products once they become waste. This includes electric and electronic equipment, batteries, and packaging. With the adoption of the

⁵ OECD/EUIPO (2023), Risks of Illicit Trade in Counterfeits to Small and Medium-Sized Firms, Illicit Trade, OECD Publishing, Paris, <u>https://doi.org/10.1787/fa6d5089-en</u>

⁶ Economic impact of counterfeiting in the clothing, cosmetics, and toy sectors in the EU - EUIPO (europa.eu)

⁷ Article 23 of Regulation 1186/2009 sets out a EUR 150 threshold for customs duties. The Commission proposed a revision of these rules – see *infra*, p. 6 and <u>EU Customs Reform - European Commission</u>

⁸ The Commission will soon publish a report examining the implementation of the requirement to have a responsible economic operator in the EU for certain products, in accordance with Article 4 of Regulation (EU) 2019/1020

amended Waste Framework Directive⁹, this should be extended to cover textile, textile-related and footwear products.

Online marketplaces, irrespective of whether they are established in the EU or not, are liable if they do not comply with their specific obligations as intermediaries in the sale of goods, in particular under the Digital Services Act (DSA)¹⁰, as well as under other laws such as the General Product Safety Regulation¹¹ when it comes to unsafe products, the Directive on Ecodesign¹², the Regulation on energy labelling¹³¹⁴, the Regulation on classification, labelling and packaging of substances and mixtures¹⁵, the Market Surveillance Regulation¹⁶, and with EU consumer protection rules whenever they target EU consumers. The largest platforms, designated as 'gatekeepers'¹⁷ under the Digital Markets Act, must also comply with a series of 'do's and don'ts' for their market behaviour¹⁸.

Under certain conditions, marketplaces can also be held liable for the sale of non-compliant or dangerous products. They are exempted from liability for the illegal behaviour of the sellers, but subject to certain conditions - if they are not aware of the illegality of the content they host or, upon gaining such actual knowledge, they act expeditiously to remove the product. In any case, the conditional liability exemption applies only when the marketplace intermediates the sale of a product, which is not the case, for instance, when the seller acts under the control or authority of the marketplace. Marketplaces can also be found liable for violations of consumer protection law when they present the sellers' offers in a way that could lead a consumer to believe that the product is offered by the marketplace itself.

2. THE EU IS WELL EQUIPPED TO TACKLE THE CHALLENGE BUT NEEDS A HOLISTIC AND WELL-COORDINATED APPROACH

Europe is well placed to tackle the challenges brought by e-commerce imports shipped directly to consumers. But more needs to be done to ensure that EU rules are correctly applied, as well as to ensure that the enforcement system is effective and resilient, and is not overwhelmed by the volumes of low-value goods sold online and flooding the market.

With this Communication, the Commission puts forward a holistic approach to address the risks and distortions created by the large volume of imports of such products. This approach needs to be comprehensive and include a well-coordinated set of actions,

⁹ Proposal for a Directive of the European Parliament and of the Council amending Directive 2008/98/EC on waste COM(2023) 420 final

¹⁰ See more details on the obligations for online marketplaces in Section 2.3.1

¹¹ Regulation (EU) 2023/988 of the European Parliament and of the Council of 10 May 2023 on general product safety

¹² Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products

¹³ Regulation (EU) 2017/1369 of the European Parliament and of the Council of 4 July 2017 setting a framework for energy labelling and repealing Directive 2010/30/EU

¹⁴ Regulation (EU) 2024/1781 of the European Parliament and of the Council of 13 June 2024 establishing a framework for the setting of ecodesign requirements for sustainable products, amending Directive (EU) 2020/1828 and Regulation (EU) 2023/1542 and repealing Directive 2009/125/EC

¹⁵ Regulation (EU) 2024/2865 of the European Parliament and of the Council of 23 October 2024 amending Regulation (EC) No 1272/2008 on classification, labelling and packaging of substances and mixtures

¹⁶ Regulation (EU) 2019/1020 of the European Parliament and of the Council of 20 June 2019 on market surveillance and compliance of products and amending Directive 2004/42/EC and Regulations (EC) No 765/2008 and (EU) No 305/2011

¹⁷ DMA designated Gatekeepers

¹⁸ See more details in Section 2.3.4

bringing together in particular the European institutions, the Member States and all national competent authorities.

First, the Commission proposes a series of structural changes to the regulatory framework, with a particular focus on the customs reform and on measures for environmental protection. Calling on the support of the co-legislator for the urgent adoption of the customs reform proposal, the Commission is hereby initiating a reflection on how to further strengthen the proposed measures with additional support to the customs authorities, for example through a new non-discriminatory handling fee for goods imported into the EU directly to consumers. (Section 2.1.1) On environmental protection, the Commission will support the roll-out of the Ecodesign for Sustainable Products Regulation and the effective application of existing extended producer responsibility rules. The Commission calls on the co-legislator to adopt the targeted revision of the Waste Framework Directive and will propose further legislation, not least through the Circular Economy Act. (Section 2.1.2)

Then, the Commission stresses the **high priority of coordinated enforcement actions** against the surge of dangerous, counterfeit or otherwise non-compliant products sold online and imported in the EU. This needs to make full use of the EU ambitious regulatory framework and must be well coordinated among customs authorities, market surveillance authorities and other competent national authorities. The Commission puts forward **specific steps to ensure effective cooperation and targeted actions. (Section 2.2)**

Further, Europe has the world's most robust regulatory framework for the way products are presented to consumers online and for setting clear responsibilities for online marketplaces. As stressed in the Political Guidelines of the President¹⁹, speed, coherence and simplification are key, not least for creating a level playing field for smaller companies and maintaining a proportionate regulatory burden. The Commission will focus on the robust enforcement and the complementarity of digital rules, supported by well-coordinated actions across all competent authorities. (Section 2.3)

In addition, **digital tools can be key enablers** for achieving the objectives of this Communication. The Commission announces measures to support a modern and resilient supervisory toolbox, in particular through the use of the **Digital Product Passport**, **AI tools for the detection of illegal goods and shared databases**. (Section 2.4)

Not least, **awareness raising, and educational efforts** are essential to empower and protect consumers, including minors, and help legitimate businesses offer compliant products in the EU. (Section 2.5)

Finally, such measures need to be flanked by **dialogue with international partners** and third countries where imported products originate from. Moreover, the Commission will continue **monitoring trade practices** of third countries and remains vigilant on unfair trade practices. (Section 2.6)

2.1. Structural reforms to curb the import of non-compliant products and to protect the environment

2.1.1. The customs reform package

The steep rise in e-commerce imports shipped directly to consumers in the EU, who become the importers for customs purposes, has not been matched by an increased handling capacity at the border. In 2024, authorities in just six Member States²⁰ were responsible for supervising 89% of directly imported goods sold online. While the customs authorities are the first line of

¹⁹ <u>https://commission.europa.eu/about/commission-2024-2029_en</u>

²⁰ The Netherlands, Belgium, France, Hungary, Italy and Germany; Source: EU Surveillance data

defence at the border against the import of non-compliant and potentially dangerous products, they struggle with the sheer amount of e-commerce imports, which already account for over 97% of all customs import declarations²¹. It is becoming clear that the current customs processes and tools are no longer fit for purpose and that the resources available are not sufficient to handle effectively the sheer volume of parcels generated by e-commerce flows.

In May 2023, the Commission proposed an ambitious customs reform package²², including (i) a new Union Customs Code (UCC), (ii) a proposal²³ to remove the EUR 150 duty exemption for imports and to introduce a simplified tariff treatment for low-value consignments, and (iii) a VAT proposal²⁴ to extend the scope of the 'Import One Stop Shop' (IOSS) to cover all goods regardless of their value.

The proposals aim at structurally improving the capabilities of EU customs to supervise and control the flow of goods entering and leaving the Customs Union, starting with products sold online and shipped directly to consumers. National customs authorities would be supported by a new EU Customs Authority (EUCA), which would operate an EU Customs Data Hub.

The EU Customs Data Hub would provide an EU electronic environment for operators to report to customs authorities, and would integrate data from other authorities. It would enable an EU-level risk management capability. The EUCA would be able to screen the goods based on this information, to identify potential risks even before the goods are loaded for transport or their physical arrival in the EU and to make control recommendations to the Member States. This will allow customs authorities to have a complete overview on the supply chains, anticipating controls on imports and exports. As a result, the enforcement of compliance with product requirements will be more targeted and effective. The EU Customs Data Hub will allow for enhanced cooperation with other authorities through data exchange and thus facilitate coordinated controls.

The proposals align the VAT and customs rules and would establish that online marketplaces and sellers registered in the IOSS become the 'deemed importer' and collect the relevant duty and VAT, ensure that goods entering the customs territory comply with other EU requirements and provide the data to the customs authorities at the moment of the sale, prior to the arrival of the goods to the EU border. In 2024, IOSS holders accounted for 92% of imports of goods up to EUR 150. In addition, IOSS holders would report all their EU sales to the EU Customs Data Hub and be supervised by their Member State of registration (as opposed to 27 potential Member States of destination), both for VAT and customs purposes.

The Commission calls on the co-legislator to swiftly adopt the Customs Reform proposal and is ready to work with the co-legislator to explore further measures to better address the overwhelming volume of small consignments and support customs authorities.

First, the Commission is willing to explore with the co-legislators the introduction of a non-discriminatory handling fee on e-commerce items imported in the EU directly to consumers, to address the scaling costs of supervising the compliance of such

²¹ Source: EU Surveillance data

²² Proposal for a Regulation of the European Parliament and of the Council establishing the Union Customs Code and the European Union Customs Authority, and repealing Regulation (EU) No 952/2013 COM(2023) 258 final

²³ Proposal for a Council Regulation amending Regulation (EEC) No 2658/87 as regards the introduction of a simplified tariff treatment for the distance sales of goods and Regulation (EC) No 1186/2009 as regards the elimination of the customs duty relief threshold

²⁴ Proposal for a Council Directive amending Directive 2006/112/EC as regards VAT rules relating to taxable persons who facilitate distance sales of imported goods

consignments with EU rules. Such a handling fee should allow for a major externality of this new business model, i.e. the need for a different, intensified approach to ensuring compliance of huge amounts of individual parcels, to be internalised by the retailers and intermediaries that benefit from it. Thus, such a handling fee should be incurred by the importer, i.e. the online retailer or intermediary, and not by consumers at the point of delivery of the imported package.

In addition, **the lessons learned from the risks** identified in the priority control area²⁵ should be considered, as well as whether **EUCA** could support more efficient customs controls, in line with its mission in terms of operational support to the Member States' customs authorities. To that aim, EUCA will have to be adequately equipped in terms of operational capacity to address the e-commerce needs, to increase the compliance of the goods imported via e-commerce.

In light of the enormous increase in volumes in a short space of time, which continues to grow and shows no sign of abating, the Commission stands ready to work with the co-legislators to 'frontload' to 2026 the customs reform, including the preparation of the establishment of EUCA and the preparations for the EU Customs Data Hub, in due consideration of the financial limitations of the current Multiannual Financial Framework.

2.1.2. Clear rules and responsible practices to protect the environment

It is also necessary that the EU steps up its efforts to reduce the climate and environmental impact of imports of low-value products shipped directly to consumers.

EU ecodesign and energy labelling requirements encourage manufacturers to innovate and deliver more efficient products, enable consumers to make informed choices, and contribute to reducing overall energy consumption and emissions. It is estimated that more than EUR 10 billion of benefits are lost every year due to non-compliance²⁶.

More ambitious sustainability requirements for products placed on the EU market will be rolled out under the Ecodesign for Sustainable Products Regulation²⁷ (ESPR). The first ESPR working plan is planned for April 2025 and will determine priority product groups for the adoption of sustainability requirements, including aspects related to sustainable delivery and return transport options. It will be followed in July 2025 by rules on the destruction of unsold consumer products, including on the prohibition of destruction of unsold textiles and footwear. Textiles will be among the first product groups to be addressed under a delegated act.

Requirements on extended producer responsibility (EPR) are included in the Regulation on packaging and packaging waste²⁸, the Regulation on batteries and waste batteries²⁹ and in the Directive on waste electrical and electronic equipment³⁰, and in the Regulation on fluorinated

²⁵ See Section 2.2.1

²⁶ See, e.g. European Court of Auditors 2020/1, Special report on <u>EU action on Ecodesign and Energy</u> <u>Labelling: important contribution to greater energy efficiency reduced by significant delays and noncompliance</u>

²⁷ Regulation (EU) 2024/1781 of the European Parliament and of the Council of 13 June 2024 establishing a framework for the setting of ecodesign requirements for sustainable products, amending Directive (EU) 2020/1828 and Regulation (EU) 2023/1542 and repealing Directive 2009/125/EC

²⁸ Regulation (EU) 2025/40 of the European Parliament and of the Council of 19 December 2024 on packaging and packaging waste

²⁹ Regulation (EU) 2023/1542 of the European Parliament and of the Council of 12 July 2023 concerning batteries and waste batteries

³⁰ Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE) (recast)

greenhouse gases³¹. The Commission calls on the co-legislator to swiftly adopt the targeted revision of the Waste Framework Directive, which notably introduces EPR requirements for textiles and footwear.

The targeted revision of the Waste Framework Directive, together with the upcoming delegated act under the ESPR on sustainability criteria for textiles, will lay down the necessary elements for the eco-modulation of the financial contributions by those placing textiles on the market to EPR schemes: the higher the sustainability, the lower the fees will be. E-commerce players from outside and within the EU would be subject to the same rules, with a level playing field and the same incentives for placing on the EU market of more sustainable products.

The Commission plans to propose a Circular Economy Act and will explore in this context options to further develop EPR solutions, including a one-stop-shop for the registration of producers, the further harmonisation of EU rules, and the extension of the EPR schemes to other product categories. In working towards the proposal for a Circular Economy Act, the Commission will pay particular attention to measures for effective enforcement on the ground.

Requirements applicable for products, packaging and waste management should be effectively enforced also when goods are placed on the market through e-commerce. For this, **a strong network of environmental enforcers** is required across the EU, including inspectors and police. Enforcement efforts and cooperation among European enforcers should be stepped up.

The Commission will explore ways to ensure that the prohibition of the destruction of certain consumer products and the related transparency obligations to e-commerce are applied effectively, including by third-country platforms. It will also support Member States and economic operators in ensuring that counterfeit goods are disposed of only as a last resort, focusing instead on their preparation for re-use or recycling³².

The Commission:

- Calls on the co-legislator to swiftly adopt the Customs Reform proposal, and is ready to work with the co-legislator to explore further measures to help address the costs of supervising the overwhelming volumes of small consignments, in particular through a new non-discriminatory handling fee on e-commerce items.
- Plans to adopt the first action plan under the Ecodesign for Sustainable Products Regulation by April 2025.
- Calls on the co-legislator to swiftly adopt the targeted amendment to the Waste Framework Directive. The Commission will work closely with the Member States for a more effective enforcement of this Directive, the Single Use Plastics Directive, the Waste Electric and Electronic Equipment Directive and the Regulations on Ecodesign for Sustainable Products, on Packaging and Packaging Waste and on Batteries vis-à-vis thirdcountry e-commerce retailers.
- Plans to propose a Circular Economy Act which will explore to further develop Extended Producer Responsibility and how to strengthen enforcement.

³¹ Regulation (EU) 2024/573 of the European Parliament and of the Council of 7 February 2024 on fluorinated greenhouse gases, amending Directive (EU) 2019/1937, and repealing Regulation (EU) No 517/2014

³² Commission Recommendation (EU) 2024/915 of 19 March 2024 on measures to combat counterfeiting and enhance the enforcement of intellectual property rights

2.2. Targeted measures: increased coordinated controls for imported goods

As an urgent priority, the Commission will support a series of targeted actions that leverage the capabilities of multiple authorities in the coordinated enforcement of all the relevant EU rules, leading to immediate results, as well as further evidence gathering and sustained efforts to ensure long term compliance.

2.2.1. Customs Priority Control Area (PCA) for short-term results and coordinated enforcement actions

The Commission will coordinate customs controls under a priority control area $(PCA)^{33}$ focused on third-country products with significant safety hazards and risk of non-compliance purchased through online marketplaces and shipped directly to consumers in the EU^{34} .

Under this time-limited action, customs authorities in collaboration with market surveillance and other competent authorities will intensify import controls on these products to assess their safety and conformity with internal market legislation, detect potential trafficking of illicit and dangerous goods, and will exchange information on non-compliance.

The immediate purpose is to address the lack of compliance and ensure that those dangerous and non-compliant products are not placed on the market, as well as deterring criminal organisations from using e-commerce as a trafficking route. The action should gather further evidence about the non-compliant products and operators involved. The action should immediately lead to results in addressing the lack of compliance and ensuring that those dangerous and non-compliant products are not placed on the market.

Commitment and coordination between authorities will be key factors for the success of the PCA. Customs authorities will target and suspend the release of the relevant consignments. The market surveillance authorities will determine, as experts in their respective product areas, and, where needed, together with other specialised authorities, whether the controlled products comply with all the relevant legislation. All existing tools and systems will need to be used in a coordinated way to select consignments, process cases, determine non-compliance and carry out subsequent assessments³⁵. On the basis of the risk analysis from these findings, future controls will be intensified **for certain operators, goods or trade flows**, as appropriate, on a rolling basis. The higher the rate of non-compliance, the greater should be the level of vigilance in subsequent stages, in order to enhance enforcement and deterrence, and thus contribute to a level playing field for businesses which incur the costs of compliance.

Where the economic operator has failed to take appropriate and proportionate corrective action to bring the non-compliance to end and non-compliance appears to be systematic, market surveillance authorities are called to have recourse to the available corrective means under the Market Surveillance Regulation, including the withdrawal and recall of products, the prohibition that they are made available in the market, as well as well as the imposition of penalties reflecting also the systematic nature of non-compliance³⁶.

³³ As provided for in Article 46(3) of the Union Customs Code

³⁴ The precise list of products will be determined in agreement with Member States.

³⁵ E.g. Customs Risk Management System (CRMS2), the Import Control System (ICS2), the EU SafetyGate, the Information and Communication System for Market Surveillance (ICSMS), the computerised system referred to in Article 133(4) of Regulation (EU) 2017/625 (TRACES) and the Rapid Alert System for Food and Feed (RASFF).

³⁶ Cf Articles 16, 19 and 41 of Regulation 2019/2020 on market surveillance.

This PCA action would be supported by the Customs Expert Group³⁷, in close cooperation with the competent market surveillance authorities and the new expert team in the EU Customs Alliance for Borders (EUCABET).

In parallel, actions such as those by the European Anti-Fraud Office to combat fraud patterns in e-commerce, such as the abuse of rules related to the IOSS, will continue.

In the medium-term, the facts and evidence collected under the PCA should be shared across a wider set of authorities, and support coordinated enforcement actions between customs, market surveillance, environmental, consumer protection and digital services authorities. In particular, the PCA could support the enforcement of the Digital Services Act and actions by the Consumer Safety Network (CSN).

Findings from the PCA should also inform the third multi-annual Work Programme of the Customs Control Equipment Instrument³⁸ planned to be adopted in 2025, including a dedicated call on e-commerce with a budget of EUR 100 million³⁹.

The Commission calls on all Member States to participate in the PCA and will publish a public report on the lessons learnt and findings.

2.2.2. Joint enforcement actions on product safety, combatting counterfeiting and enhancing security

The Market Surveillance Regulation and the General Product Safety Regulation provide market surveillance authorities in the Member States with the necessary enforcement powers, including with respect to products sold online. They can, for example, issue take-down orders for removal of dangerous or non-compliant products from online shops and online marketplaces. Products investigated and the related measures must be communicated in the Information and Communication System for Market Surveillance (ICSMS) and measures taken concerning unsafe products shall be notified by Member States to the EU Safety Gate⁴⁰, the rapid alert system for dangerous non-food products managed by the Commission.

Learning from the first experiences of the PCA, the Commission will launch a special **Coordinated Activity on the Safety of Products (CASP)**, open to all Member States, to improve **structural cooperation between customs and market surveillance authorities** regarding products or product categories sold online, to jointly assess the risks and to identify the appropriate corrective measures. In addition, the Commission will also propose in 2025 within the framework of the Consumer Safety Network to conduct joint product testing activities of the Consumer Safety Network, that would also allow market surveillance authorities authorities to sample products online, under a cover identity. The Commission calls on Member States to ensure their active participation in these activities.

In the second quarter of 2025, the **Consumer Safety Network** will carry out its first product safety sweep⁴¹ to check and enforce compliance of product listings in product categories that

³⁷ The Customs Expert Group – Controls and Risk Management section, composed of risk management experts of Member States, meeting together with the participation of Market Surveillance Authorities.

³⁸ The Commission already allocated more than EUR 550 million as part of the first two Multi-Annual Work Programmes (2021-2022 and 2023-2024 respectively) to Border Crossing Points and Customs Laboratories. With more than EUR 440 million still available under the current MFF, the programme will continue to support and prioritise e-commerce. In order to further strengthen such controls, the interoperability (exchange of information) and the co-sharing of equipment with other authorities (in particular Market Surveillance Authorities) will also be emphasised.

³⁹ The envelope is intended to fund e-commerce control by the EU customs authorities, but equipment jointly used by customs and market surveillance or health authorities is also eligible.

⁴⁰ <u>https://ec.europa.eu/safety-gate/#/screen/home</u>

⁴¹ Simultaneous coordinated control actions

are most frequently ordered online. Using the EU eSurveillance tool provided by the Commission, the authorities will focus on the completeness of the safety information in a product listing, including the details of the EU responsible person, and on the detection of products that were already notified to the EU Safety Gate.

The Commission is also working to strengthen the Customs Laboratories European Network (CLEN)⁴², essential to support the work of market surveillance, health and customs authorities. It is also setting up EU Testing Facilities under the Market Surveillance Regulation to enhance product testing capacity for market surveillance authorities in the Member States⁴³.

Among the novel actions against counterfeit and other illicit products, the Commission is supporting preparations for the new European Multidisciplinary Platform Against Criminal Threats (EMPACT) for 2026 to 2029. This should leverage the coordination between enforcement authorities, including the police, customs, prosecutors, to tackle harmful, non-compliant and illicit products linked to criminal activities. In addition, the European Anti-Fraud Office (OLAF) continues to investigate fraudulent imports via ecommerce of counterfeit goods harmful to the health and safety of consumers.

The Commission is also supporting European innovation (Consortia of European innovators, industry and authorities) to develop innovative European technologies for the security of e-commerce.⁴⁴

The Commission:

- Proposes a priority control area (PCA) on e-commerce imports shipped directly to consumers, with the cooperation of market surveillance authorities, and a medium-term objective to feed the coordinated application of a wider set of rules, including digital regulation. The Commission calls on Member States' participation and will release a public report on the lessons learned and findings.
- Supports a new Coordinated Activity on the Safety of Products and other market surveillance joint actions focused on product safety in e-commerce and calls on the Member States to actively participate.
- Address the fight against trafficking of illicit goods as well as goods breaching the law linked to circular economy including e-commerce, in line with the priorities of the next EMPACT cycle.

2.3. Strong enforcement of EU legislation protecting consumers online

The EU has a comprehensive set of rules, unique in the world, to protect consumers online and set out very clear responsibilities for online marketplaces. The enforcement of the consumer protection acquis, as well as the new Digital Services Act and Digital Markets Act, are a high priority for the Commission. Coordinated actions and tight cooperation is key -

⁴² Rationalising, coordinating and optimising the use of human and technical resources among EU customs laboratories, dealing mostly with illicit drugs and narcotics, but also food and beverages, textile or other manufactured articles, plastics and other chemicals.

⁴³ EU testing facilities have been designated under Article 21 of Regulation (EU) 2019/1020 in several product sectors, including toys, radio equipment and ecodesign/energy labelling.

⁴⁴ This includes EU-funded research projects PARSEC (Parcel and Letter Security for Postal and Express Courier Flows), iFLOWS (Advanced technologies for scanning and detection of illicit material for postal services and express courier flows), and ODYSSEUS.

across authorities, as well as all stakeholders, as illustrated by recent investigations⁴⁵, as well as frameworks such as the EU toolbox against counterfeiting⁴⁶.

2.3.1. Responsibilities of online marketplaces: the Digital Services Act

The Digital Services Act (DSA) sets EU-wide rules for online intermediaries, including for online marketplaces that connect sellers with consumers. The rules seek to ensure that traders can only sell products on online marketplaces that are compliant with the relevant product safety and other requirements.

Online marketplaces have an obligation to counter illegal goods offered through their service. This includes, for example, the obligation to put in place user-friendly notice-and-action and complaint mechanisms, a duty of cooperation with trusted flaggers, a ban on dark patterns, rules on advertising, and detailed transparency obligations, including how products are recommended to consumers.

They also have a **'know your business customer'** obligation that should dissuade noncompliant sellers from offering their products in the EU through marketplaces, and bring practical support in tracing traders that do not apply EU rules. In practice, marketplaces have to gather information about traders before they offer their products on the platform. This includes, for example, the identity and contact details of the trader, information on their payment account, their trade registration details, and a self-certification committing the trader to only offer products that comply with EU rules. By 17 February 2025, marketplaces should have completed their best efforts to gather and assess the information from traders already present on their platform one year beforehand, i.e. on 17 February 2024. They must continuously request the information and perform similar checks for every trader that joins the platform before they can offer products in the EU.

In its supervisory role, the Commission is particularly attentive to the application of this obligation, as a key instrument for deterring rogue sellers from targeting consumers in the EU. The information collected from the trader is essential for consumers, but also for the platform's own corrective actions, for example in suspending traders that repeatedly offer illegal goods. In addition, it can also serve competent authorities for example in supervising product safety rules. The DSA facilitates the enforceability of orders issued by competent judicial or administrative authorities to remove illegal content, including illegal products offered by sellers.

Marketplaces are also required to ensure 'compliance by design', i.e. their interface must enable traders to provide all the required pre-contractual information and other compliance and product safety information under applicable Union law. They also need to inform consumers in case they have purchased an illegal product through their service.

Twenty-five online platforms, including several online marketplaces⁴⁷, were designated by the Commission as very large online platforms and search engines⁴⁸ after reaching more than 45 million average monthly recipients in the EU. They need to put in place robust measures to assess and mitigate the risks posed by the design, the functioning and the use made of their services. This includes the need to assess and mitigate risks related to the dissemination of

⁴⁵ See the coordinated investigation against Temu by the European Commission, under the Digital Services Act, and the Consumer Protection Cooperation (CPC) Network, under consumer protection rules, *infra*, p. 16

⁴⁶ Commission Recommendation (EU) 2024/915 of 19 March 2024 on measures to combat counterfeiting and enhance the enforcement of intellectual property rights

 ⁴⁷ Amazon, AliExpress, Apple AppStore, Booking, Google Shopping, Google Play, SHEIN, Temu and Zalando.
⁴⁸ https://digital-strategy.ec.europa.eu/en/policies/list-designated-vlops-and-vloses

non-compliant goods, risks to a high level of consumer protection in the EU, or risks related to public health, minors, and the physical well-being of individuals.

The Commission considers as a high priority enforcement actions related to such risks on designated online marketplaces, and is enhancing the cooperation and coordination with national competent authorities.

The Commission has launched investigative actions under the DSA in relation to SHEIN⁴⁹ and Amazon⁵⁰ and has **formally initiated proceedings** against AliExpress on 14 March 2024⁵¹ and Temu on 31 October 2024⁵². The latter investigation is also complemented by a coordinated action under the Consumer Protection Cooperation (CPC) network⁵³.

The Commission will continue to monitor compliance and, where needed, initiate proceedings in the framework of which it could focus on the most impactful measures, such as the 'know your business customer' obligations, the systematic compliance by online marketplaces with removal or information orders received from competent authorities, supporting their coordinated actions and the application of the legislation they are enforcing. The Commission is particularly attentive to the hybrid business model of certain marketplaces, i.e. instances where they act as intermediaries and are also themselves direct sellers or exert control over sellers⁵⁴.

The Commission will also build on coordinated actions such as the PCA and those carried out with the Consumer Protection Cooperation (CPC) Network and take note of their findings relevant to its investigations under the DSA.

It will further seek to enhance its capability through **agreements with other Union bodies**, **offices and agencies with relevant expertise**, such as a working arrangement with the **EU Intellectual Property Office (EUIPO)** to support its enforcement actions regarding e-commerce platforms that may represent a systemic risk of a flood of counterfeit goods into the Union.

It is essential that **a strong network of enforcers** is built across the EU, aligning their efforts, sharing information, streamlining actions and amplifying the overall impact of enforcement actions and regulatory oversight. Within the Member States, Digital Services Coordinators (DSC) are competent for the enforcement of the DSA. **Other competent authorities should also be effectively involved**, in particular those with expertise and related competences in product safety, compliance and consumer protection. Since it started its work in February 2024, **the European Board for Digital Services** became an essential network of regulators fostering cooperation and has a dedicated working group for consumer protection, ensuring the link with the Consumer Protection Cooperation (CPC) Network.

⁴⁹ <u>https://digital-strategy.ec.europa.eu/en/news/commission-requests-information-online-marketplaces-temuand-shein-compliance-digital-services-act</u>

⁵⁰ <u>https://digital-strategy.ec.europa.eu/en/news/commission-sends-request-information-amazon-under-digital-services-act</u>

https://digital-strategy.ec.europa.eu/en/news/commission-requests-information-amazon-under-digitalservices-act.

⁵¹ https://digital-strategy.ec.europa.eu/en/news/commission-opens-formal-proceedings-against-aliexpress-underdigital-services-act.

⁵² <u>https://digital-strategy.ec.europa.eu/en/news/commission-opens-formal-proceedings-against-temu-under-digital-services-act.</u>

⁵³ See below and at <u>https://ec.europa.eu/commission/presscorner/detail/en/ip_24_5707</u>

⁵⁴ For products sold directly by the online marketplace or where it exerts control over the seller, the provider could be found liable for the sale of illegal products, in accordance with Article 6 DSA

To gather evidence in a more meaningful way, some Member States have taken the initiative of establishing cross-sectorial cooperation through an **e-commerce task force at national level**, including DSCs, the consumer protection, market surveillance and customs authorities. The Commission is ready to support the creation of such task forces in all Member States in 2025 with the help of the DSA officers placed in the Commission Representations and ensure that they feed the work of the **European Board for Digital Services** and the national and Commission enforcement actions under the DSA.

In parallel to these efforts, the Commission will also evaluate, by November 2025, the way that the DSA interacts with other legal acts, such as the consumer *acquis* and the product safety rules⁵⁵. Where appropriate, this report may be accompanied by a proposal of simplification of existing rules.

2.3.2. Responsibilities of traders and other online businesses: furthering and enforcing consumer protection rules

Whether or not they sell through online marketplaces, traders who offer their goods and services in the EU, including those established in third countries, have to respect the EU consumer protection laws⁵⁶. The rules apply online as they do offline, and they ensure the highest standard of consumer protection, for instance by shielding consumers in the EU from deceitful practices and scams, and allowing consumers to make informed decisions and avoid hidden costs or risks.

In addition, online marketplaces can affect consumer decisions through their interfaces, including by determining the ranking of search results, providing recommendations, but also by using dark patterns, addictive design, and aggressive or unsolicited personalised advertising. The DSA prohibits dark patterns on online marketplaces and regulates other practices, imposing obligations for example as regards the design of their interfaces and their recommender systems, imposing disclosures towards consumers, and prohibiting them from presenting certain types of personalised ads.

Online marketplaces are also subject to the general EU consumer law provisions that apply to all traders and prohibit unfair commercial practices that interfere with the consumers' choices. The Digital Fairness Fitness Check⁵⁷ concluded that the largely principles-based approach of the consumer protection laws does not provide sufficient legal certainty regarding their application in the digital environment, beyond the DSA. The Commission plans to propose a **Digital Fairness Act** to reinforce consumer protection in a targeted manner, making more concrete the principles in the existing consumer protection rules and filling the identified gaps.

National consumer protection authorities or national courts are responsible for enforcing consumer protection laws. They can, for example, order websites or social media

⁵⁵ As mandated by Article 91 DSA.

⁵⁶ E.g. Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market, Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts, Directive 98/6/EC of the European Parliament and of the Council of 16 February 1998 on consumer protection in the indication of the prices of products offered to consumers, Directive (EU) 2019/771 of the European Parliament and of the Council of 20 May 2019 on certain aspects concerning contracts for the sale of goods, amending Regulation (EU) 2017/2394 and Directive 2009/22/EC, and repealing Directive 1999/44/EC,

⁵⁷ <u>Commission Staff Working Document Fitness Check on EU consumer law on digital fairness | European</u> <u>Commission</u>.

accounts containing scams to be corrected, disabled or removed, and can order the closure of accounts of non-cooperative traders.

The Commission works with the **Consumer Protection Cooperation (CPC) Network** of authorities responsible for the enforcement of EU consumer protection laws. The Commission can alert the CPC Network when there is a reasonable suspicion that an infringement of EU law has occurred. The Commission coordinates such actions when a large portion of EU consumers are concerned. The CPC Network has carried out several actions⁵⁸ and can initiate new actions against e-commerce traders under the Consumer Protection Cooperation Regulation. In this context, there is an ongoing action against Temu.

On 3 February 2025, the **CPC Network and the Commission also informed SHEIN about the launch of coordinated action** to investigate the compliance of the online marketplace and e-retailer with certain obligations under EU consumer laws⁵⁹. The ongoing joint investigation of the CPC Network is coordinated by the Commission.

Coordinated efforts: the DSA and CPC cases against Temu

The recent investigations concerning Temu showcase how the DSA and the CPC and regulatory instruments can reinforce each other, and how the authorities can leverage their powers for effective actions.

On 31 October 2024, the Commission opened an investigation into Temu⁶⁰ for suspected violations of the DSA, including the risk identification and the lack of mitigation measures to limit the reappearance of previously suspended rogue traders or the reappearance of non-compliant goods; the risks linked to the addictive design of the service, including game-like reward programmes, and the systems Temu has in place to mitigate the risks stemming from such addictive design and pressure selling, including through dark patterns, which could have negative consequences for a person's physical and mental wellbeing; recommender systems, including the provision of at least one easily accessible option that is not based on profiling; and the obligation to give researchers access to data.

The Commission's investigation is ongoing and is supported by customs, market surveillance authorities and consumer protection authorities through the European Board for Digital Services. It is also informed by Temu's replies to the Commission's requests for information, as well as evidence from mystery shopping and consumer complaints submitted by third parties⁶¹. Should the Commission conclude that the platform is in breach of the DSA, the provider would face, among other sanctions, potential fines that could go up to 6% of its global turnover.

On 8 November 2024, following a joint investigation carried out by the CPC Network and coordinated by the Commission, the CPC Network notified ⁶² Temu of a number of practices that were considered as infringing EU consumer laws. These include practices related to fake discounts, dark patterns to pressure consumers, forced gamification, missing and misleading information, fake reviews and hidden contact details. The CPC Network

⁵⁸ e.g. CPC coordinated actions against AliExpress or Wish: <u>https://commission.europa.eu/live-work-travel-eu/consumer-rights-and-complaints/enforcement-consumer-protection/coordinated-actions/market-places-and-digital-services_en#aliexpress-and-wish</u>

⁵⁹ Unfair Commercial Practices Directive, the Consumer Rights Directive, the Unfair Contract Terms Directive, the Price Indication Directive, and the E-commerce Directive. The launch of such a coordinated action is without prejudice to the conclusions subsequently reached.

⁶⁰ See *supra*, p.14

⁶¹ <u>Taming Temu | BEUC</u>

⁶² <u>https://ec.europa.eu/commission/presscorner/detail/it/ip_24_5707</u>.

directed Temu to propose commitments on how the company will address the issues.

In addition, the CPC Network requested information from Temu to assess the company's compliance with other obligations under EU consumer law, such as the obligation to inform consumers clearly whether the seller of a product is a trader or not, to ensure that product rankings, reviews, and ratings are not presented to consumers in a misleading way, that price reductions are announced and calculated correctly, and to ensure that any environmental claims are accurate and substantiated.

Temu's replies to the findings and questions addressed by the CPC Network are currently being assessed.

The Commission remains committed to supporting and coordinating the enforcement work of the CPC Network using all tools available. For example, the AI capabilities of its evidence-gathering toolbox **eLab** will be used to carry out simultaneous automated checks on major online marketplaces. The Commission plans to share the results of such checks with the CPC Network, which may decide to follow-up with enforcement actions under the CPC Regulation.

In line with the findings of its recent report⁶³ on the application of the **Consumer Protection Cooperation (CPC) Regulation**, the Commission is reflecting on a review of the Regulation⁶⁴, in order to further strengthen the enforcement of EU consumer law, in particular as regards widespread illegal practices, irrespective of whether the perpetrators are established within or outside the Union, with a view to ensuring a level-playing field.

2.3.3. Dispute resolution for e-commerce

Despite all efforts, some situations where non-complaint goods are purchased in the EU will inevitably occur, and it is important for consumers to have access to meaningful redress. The new product liability framework for defective products adopted in October 2024 will be applicable from end 2026⁶⁵ and ensure that there is always a person liable for products where the manufacturer is not established in the EU. The DSA also provides tools for consumers and their representatives to flag illegal goods to online marketplaces and seek redress.

In addition, the Commission proposed a review of the Alternative Dispute Resolution (ADR) directive⁶⁶ to ensure that out-of-court dispute resolution legislation is fit for the digital age, including when disputes involve non-EU traders. The Commission calls on the colegislators to swiftly adopt the revised ADR directive, and calls for the take-up of the accompanying Recommendation promoting high quality criteria of the dispute resolution procedures offered by online marketplaces and Union trade associations.⁶⁷

⁶³<u>https://commission.europa.eu/document/download/569266a1-22d9-4871-a143-a3671b417507_en?filename=Report%20B3%20cpc.pdf.</u>

⁶⁴<u>https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13535-Consumer-protection-strengthened-enforcement-cooperation_en.</u>

⁶⁵ Directive (EU) 2024/2853 of the European Parliament and of the Council of 23 October 2024 on liability for defective products and repealing Council Directive 85/374/EEC.

⁶⁶ Proposal for a Directive amending Directive 2013/11/EU on alternative dispute resolution for consumer disputes, as well as Directives (EU) 2015/2302, (EU) 2019/2161 and (EU) 2020/1828.

⁶⁷ Commission Recommendation (EU) 2023/2211 of 17 October 2023 on quality requirements for dispute resolution procedures offered by online marketplaces and Union trade associations.

2.3.4. Opening business opportunities for alternative operators to reach EU consumers online: the Digital Markets Act

European SMEs have become heavily dependent on online platforms, including online marketplaces. The Digital Markets Act (DMA) opens up possibilities for alternative businesses, including small online marketplaces, to become the next go-to platform. For this to be a real possibility, businesses need, for example, to be able to move across platforms without losing their data. The DMA obliges gatekeepers⁶⁸ to provide real-time and continuous data portability to end users and authorised third parties, and data access for business users and authorised third parties.

The Commission will prioritise the effective enforcement and supervision under its DMA powers vis-à-vis gatekeepers, including for practices that impact the European e-commerce sector, to ensure that those gatekeepers respect their obligations to put in place measures to comply with the DMA. The Commission will use all DMA tools, including where appropriate hiring of experts and auditors to access gatekeepers' algorithms and supervise their compliance.

The Commission:

- Will continue prioritising enforcement actions under the Digital Services Act (DSA) on the compliance by major online marketplaces. The Commission will intensify its DSA supervisory actions, reinforce its capabilities and partnerships with EU agencies, such as EUIPO, and participate in coordinated actions with competent authorities.
- Calls on the Member States to appoint competent authorities and establish e-commerce task forces, supporting the enforcement of the DSA and the coordinated actions under other legal regimes. The Commission will support the Member States through the new DSA officers in its representations, and through coordination in the European Board for Digital Services.
- Will evaluate the way that the DSA interacts with other legal acts.
- Will continue to support the Consumer Protection Coordination Network, including through its evidence-gathering eLab toolbox.
- Will continue the work on a possible review of the Consumer Protection Cooperation Regulation.
- Calls on the co-legislators to swiftly adopt the revised Alternative Dispute Resolution Directive.
- Will prioritise the enforcement of the Digital Markets Act vis-à-vis the way digital gatekeepers impact the e-commerce sector.

2.4. Better supervisory capability through digital tools

Digital solutions can be key enablers for the supervision of the e-commerce landscape, supporting authorities and legitimate market players ensuring compliance with EU law.

First, the Commission is prioritising the effective implementation of the Digital Product Passport (DPP) as provided for by the Ecodesign for Sustainable Products Regulation (ESPR), the Batteries Regulation and other relevant sectoral legislation. Over time, most physical goods placed on the EU market or put into service will require a DPP. The ESPR

⁶⁸ Including, for example, Google Shopping, Amazon Marketplace, Meta Marketplace. See full list of designated gatekeepers at <u>DMA designated Gatekeepers</u>

envisages the adoption of sectoral delegated acts that will gradually set ecodesign requirements and introduce the DPP for specific product groups. The first working plan, setting out which products will be prioritised over the coming years, will be adopted in April 2025. This will bring unprecedented transparency and traceability across product value chains and provide relevant information such as product's technical performance, origin, materials, environmental impact, and repair, recycling and disposal recommendations, through a system that imposes minimal administrative burden on participating businesses.

The Commission will also seek to propose re-using the DPP system in other policy areas, using it as an entry point for further product-specific information and documents such as conformity certificates.

The DPP, together with the EU Single Window Environment for Customs and later the EU Customs Data Hub, will also **simplify the work of customs authorities, market surveillance authorities, and economic operators** when a product enters the EU market. With relevant conformity assessment and traceability information consolidated into a single identifier, customs authorities can more efficiently verify that all necessary product information has been provided in the DPP. Customs authorities will also use the information made available through the DPP for risk management purposes and to target their controls. This will not only cut costs for national enforcement bodies but also significantly improve product safety across the single market and simplify life for compliant businesses.

Moreover, a number of IT tools and databases support competent authorities and sometimes online marketplaces in the detection of illegal products. The Commission is preparing a project **to streamline the existing databases,** including, as a first step, the EU Safety Gate and the Customs Risk Management System, **into a unified, interoperable system** that will increase synergies in the information gathered by the different authorities and ensure interoperability with the DPP. This should facilitate quicker detection of non-compliant products and tracking by relevant authorities. It should enable online marketplaces to react more efficiently to threats and to put in place random checks on products.

Finally, the Commission is putting at the disposal of market surveillance authorities new **AI-enabled web crawlers**. The E-Surveillance WebCrawler is already available and used to flag reappearing dangerous products already listed in the Safety Gate and generates automated take-down requests. The Commission has developed web crawlers to identify products that are non-compliant with ecodesign and energy labelling requirements. The Commission also plans on making available another web crawler in 2025 to perform automated searches for potentially non-compliant products on online marketplaces⁶⁹.

The Commission:

- Will prioritise the implementation of the Digital Product Passport across different product categories. A first action plan will be adopted by April 2025.
- Aims at streamlining existing databases into an interoperable system, focusing on the Safety Gate and the Customs Risk Management System (CRMS2) as a first step, early 2025.
- Will continue to provide to market surveillance authorities the e-Surveillance WebCrawler for reappearing dangerous products, and will make available another web crawler for detecting new listings.

⁶⁹ It should screen product offers and consumer reviews, using keywords indicating potential non-compliance, selected by market surveillance inspectors, and computing lists of potentially non-compliant products.

2.5. Empowering consumers, providing better information for traders and encouraging voluntary actions

Awareness raising, education and information are strong tools for empowering consumers to make choices aligned with their interests and values, as well as effective tools to deter traders from engaging in the sale of dangerous, counterfeit or otherwise non-compliant products.

The Commission is supporting a series of measures to inform consumers online. For example, the ecodesign requirements for textiles and other products under the Ecodesign for Sustainable Products Regulation will better inform consumers about sustainability aspects such as environmental impacts, energy use, repairability or durability. In addition, the Commission will support the **training of consumer professionals in Member States** through the upcoming phase of the **'train-the-trainer' ConsumerPRO programme**, enabling consumer organisations to provide more personal advice on the ground on sustainable purchasing habits.

Furthermore, the Commission's proposed regulation⁷⁰ on CountEmissions EU aims to improve the transparency on the performance of deliveries by setting common rules on the accounting of greenhouse gas emissions of transport services.

For the last 20 years, the European Consumer Centres Network (ECC-Net), co-founded by the Commission, has been educating EU consumers on their rights in the single market and assisting them in resolving cross-border disputes⁷¹. The ECC-Net will step up its awareness-raising campaigns on consumer rights, potential risks and redress mechanisms when purchasing online, with a focus on non-EU traders. They could also engage with the online marketplaces.

The EU also has a number of other frameworks for awareness raising, mutual assistance and voluntary actions taken up by online marketplaces and other online platforms, civil society and industry representatives. This includes, for example, the Product Safety Pledge+⁷², with 11 participating platforms, the Memorandum of Understanding against counterfeit products, bringing together online marketplaces and brands, as well as the EU Internet Forum, initially focusing on terrorist content online, but also incorporating actions and a Knowledge Package on Combating Drug Sales Online, providing intelligence on keywords and tactics used by online drug traffickers.

The Commission:

- Will support, including through the European Consumer Centres Network (ECC-Net), further awareness-raising campaigns, with a focus on non-EU traders.
- Will support, through the ConsumerPRO programme, the training of consumer professionals in Member States to provide more personal advice to consumers.
- Calls on the co-legislator to adopt the proposed regulation on CountEmissions EU.
- Will continue to support and incentivise voluntary cooperation of online marketplaces and other stakeholders through forums such as the Product Safety Pledge+, the Memorandum of Understanding against Counterfeit Products or the EU Internet Forum.

⁷⁰ <u>Count your transport emissions – 'CountEmissions EU'</u>

⁷¹ https://commission.europa.eu/live-work-travel-eu/consumer-rights-and-complaints/resolve-your-consumer-

complaint/european-consumer-centres-network-ecc-net en.

⁷² Product safety pledge - European Commission

2.6. Bilateral cooperation and trade considerations

The concerns highlighted by the Commission in this Communication and stemming from imported low-value shipments are shared across the globe. Other jurisdictions are exploring or have already applied measures such as reductions or removals of de minimis exemptions on customs tariffs, introducing VAT for de minimis shipments, or enhancing their own regulatory framework for e-commerce platforms.

Better educating sellers in third countries is also an extremely important measure. For example, given the high number of products imported from China, the Commission will continue the awareness raising and training activities on EU product safety rules targeting Chinese companies via the SPEAC (Safe non-food consumer Products in the EU and China) project, which has had over 800,000 participants since 2021.

More broadly, the Directorate General for Justice and Consumers of the European Commission and the General Administration of Customs of the People's Republic of China have signed an **administrative arrangement on product safety cooperation** and an accompanying action plan on the safety of non-food consumer products sold online.

At the same time, the Commission stands ready at all times to take the appropriate measures to ensure that EU standards are being complied with and to protect European consumers and businesses.

Should an EU industry provide sufficient evidence of dumped or subsidised imports causing injury, the Commission will examine the options available, including under trade defence instruments. Furthermore, the Commission will assess any evidence on the existence of illegal subsidisation regimes, in particular export subsidies to goods and subsidies to relevant services offered in the EU, in light of the appropriate rules. In this context, the Commission will consider all avenues for redress under international rules and EU law.

The Commission:

- Will continue the bilateral cooperation with countries of provenance of imported goods through awareness raising and training activities on EU product safety rules for third-party sellers and bilateral cooperation with third-country authorities.
- Will assess any evidence relating to the existence of dumping or illegal subsidisation regimes in third countries.

3. CONCLUSION

In July 2024, President von der Leyen announced the Commission's priority of 'tackling challenges with e-commerce platforms to ensure consumers and businesses benefit from a competitive e-commerce based on effective customs, tax and safety controls and sustainability standards'⁷³. With this Communication, the Commission puts forth a comprehensive EU toolbox, including a series of coordinated measures to achieve this objective. Their urgency is confirmed by the surge of non-compliant products imported into the EU, the harms they cause to consumers and businesses, the impact they have on the environment and the strains placed on authorities in the Member States.

The Commission stresses the need for joined-up and urgent action, with the active support of the co-legislators, the Member States and their national authorities, as well as of responsible industry players, consumer associations and international partners.

⁷³ Political Guidelines 2024-2029 | European Commission

The Commission will assess within a year the effect of the actions announced in this Communication. In light of the results and in consultation with the relevant authorities of the Member States and stakeholders, the Commission will consider whether existing frameworks and enforcement activities applicable to imported e-commerce goods delivered directly to consumers are adequate, or whether further actions and proposals are necessary for coherent implementation and solid enforcement of EU rules.