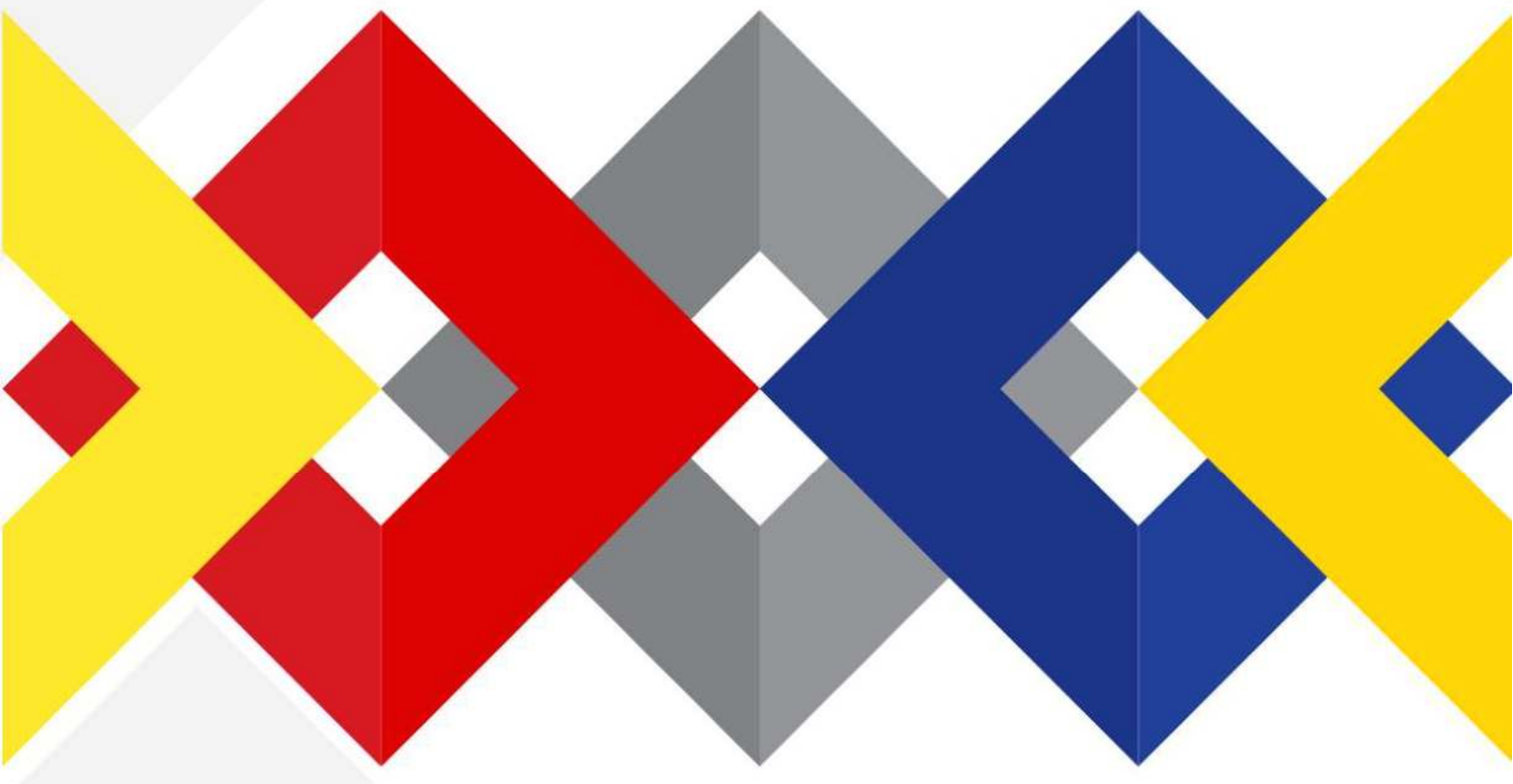


SPEAC

Safe non-food Products in the EU and China



A SPEAC Study

How E-Commerce Platforms Can Contribute to Product Safety

Document control

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Goals of the study

It can be challenging for manufacturers and exporters, especially SMEs, to identify rules and understand how to comply with requirements for safety of products all around the world. The SPEAC project will strengthen the ongoing dialogue between the EU and China in this policy field. This includes updating counterparts and associated partners on the latest legislation, tools and approaches in the product safety and consumer protection policy area, as well as providing training to manufacturers and economic actors in the supply chain about the requirements for safe products and the rights of consumers. The key message and overall objective of SPEAC is to have safer products in the markets so that consumers are better protected, and their consumer rights, which are of high value in the European Union, are better safeguarded through this partnership effort of the EU with China.

With an increasing market share of goods purchased by European consumers on e-commerce platforms directly from China, this study examines the relevance and the potential of these platforms towards achieving the goals of the project. This breaks down into the specific objectives:

1. to gather information on retail e-commerce platforms selling in relevant product groups in EU markets;
2. to develop strategies how the level of consumer protection and product safety could be increased through platform-related interventions such as content moderation, product specification workflows education of sellers and others; and
3. propose recommended practices and activities to this end which could be supported by the project.

Expected results:

- R1 Updated existing information with focus on platforms and related retail market
- R2 Existing e-commerce platform-based efforts and practices
- R3 Proposed interventions, practices and topics that could be considered for various training and awareness raising activities; including relevant stakeholders

Executive summary

Cross border retail trade from China to EU on e-commerce platforms is on steep rise, with an estimated annual growth rate of 27 per cent. Chinese sellers play an important role not only on AliBaba and Wish (an American platform with 81 per cent Chinese sellers), but likewise on western platforms: 40 per cent of sellers on eBay and Amazon are estimated to be selling out of China. Official statistics remain patchy, among others because there is no disaggregation between e-commerce and other imports. E-commerce platforms feature detailed data collection including breakdown by product, category, land of origin and destination, as well as pricing and trade volumes by quantity and revenues. There is, however, no legal obligation to make these datasets available, and voluntary data sharing is limited to a few highly aggregated publications. This study has tapped into various sources and proxy indicators serving to estimate e-commerce-based trade volumes relevant to product safety issues.

A large portion of reported product safety issues is focusing on very few product groups, such as children's toys and clothing with swallow-able parts and harmful chemicals such as phthalates and chlorinated paraffins. Another cluster of product safety issues revolves around consumer electronics such as USB charger or Christmas lights with electric shock and fire risks. Together, these two product clusters encompass over 90 per cent of product safety issues of Chinese goods sold in the EU market as reported in 2019-2020 on the RAPEX platform.

E-commerce platforms have existing mechanisms to prevent sales of non-compliant goods, such as their platform policies or the approval process to sell in sensitive categories. However, the existing mechanisms seem far from sufficient given the rapidly growing scale of the direct to consumer business model and the commoditization of brands.

The key recommendation for the SPEAC project is to focus on delivering educational content on product safety in the form of videos to be integrated into sellers' front-end of e-commerce platforms. E-commerce platforms are not legally obliged to collaborate, but AliBaba and Wish have indicated interest to do so. That's why the authors recommend proceeding iteratively, starting with one or two brief pilot videos addressing the most common product categories and their key safety issues. The training content shall be made available publicly with an unrestricted license allowing any platform to integrate it.

Once this collaboration on educational videos on platforms has proven viable and successful with at least one platform, efforts shall focus on optimizing video content, producing additional content to cover more product categories, and widening the scope of the intervention by suggesting other platforms to follow suit in integrating content. As the adoption of product safety videos on e-commerce platforms is picking up, the goal should be to include the cooperation on product safety educational content in future updates of the Product Safety Pledge.

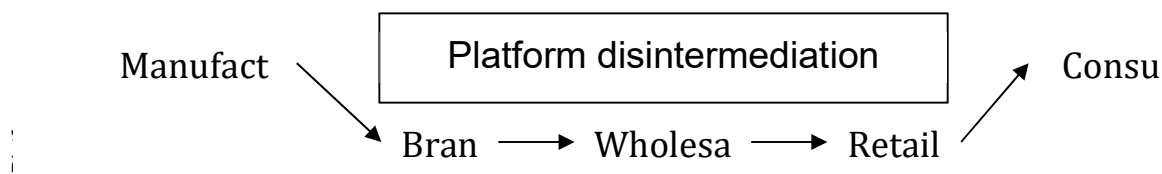
As outlook, the study sketches a "RAPEX 4.0" scenario with a fully integrated back-end data sharing mechanism on product safety risks, allowing increased effectiveness and efficiency of efforts in product safety risk management on the side of platforms as well as EU national authorities.

1. The role of platform e-commerce in EU/China trade

Cross border retail trade of goods from China to the European Single Market is steeply on the rise. According to a report by Zion Research¹, the total value of all global cross-border e-commerce hit \$562.1 billion in 2018 and is expected to reach over \$4 trillion by 2027 – increasing at a compound annual growth rate (CAGR) of 27.4 per cent.

The platform economy was a key driver in reshaping value chains with disintermediation enabling new business models, e.g., **Direct-to-Consumer (D2C)** with European customers buying directly from Chinese sellers or producers on Chinese platforms like AliExpress; **Business-to-Consumers (B2C)** where European customers buy from Chinese sellers on western platforms like eBay or Amazon; or **Business-to-Business-to-Consumers (B2B2C)** where European companies buy from Chinese companies in order to sell to European customers. In addition to disintermediating wholesaler and retailer, the ability to create brands and private labels online on the fly, result in an unprecedented number of product and brand variations, with correspondingly low brand accountability towards the end consumer.

Manufact → Bran → Wholesa → Retail → Consu



Overall "e-commerce between China and Europe is booming, trading at around 63 billion U.S. dollars" said Michel Kempeneers² in December 2019, COO Overseas-Wallonia Export-Investment Agency, during the first EU CBEC Forum in Belgium. Yet, with the rising numbers of cross-border sellers come new challenges in enforcement of EU product regulations.

¹ "Global Cross-Border B2C E-Commerce Market Will Reach" 20 Aug. 2019, <https://www.globenewswire.com/news-release/2019/08/20/1904132/0/en/Global-Cross-Border-B2C-E-Commerce-Market-Will-Reach-Over-USD-4-856-1-Billion-By-2027-Zion-Market-Research.html>. Accessed 14 Apr. 2020.

² "First European cross-border e-commerce forum held in Belgium." http://www.xinhuanet.com/english/2019-12/12/c_138624164.htm. Accessed 13 Apr. 2020.

1.1. EU customers buying online in China (D2C)

A 2018 study³ from PayPal found that 57 per cent of Europeans purchase goods online from a foreign country (cross-border trade) -- an increase of 7 per cent points from the same survey two years ago.



"PayPal Cross-Border Consumer Research 2018"³

With 26 per cent of all cross-border trade, China was the most popular shopping destination. In its most recent 2019 e-shopper barometer⁴, DPD, a European logistics company, found that 62 per cent of Europe's regular online shoppers bought at least once cross-border in the last 12 months with 60 per cent buying from China and 67 per cent from other EU countries. In Germany 7,48 per cent of all online purchases were directly from China, an increase of 33 per cent compared to 2016. Estimating on the total German e-commerce market size⁵, this would amount to 6.145 million USD gross merchandise volume (GMV).

Asked about their reasons for buying products from China, 74 per cent of consumers indicated the cheaper price of Chinese products and 49 per cent named the availability of products they would not get in their own country. The PayPal study moreover indicated that improved delivery times, secured payments and improved customer service are driving more European buyers to purchase overseas⁶.

³ "PayPal Cross-Border Consumer Research 2018."

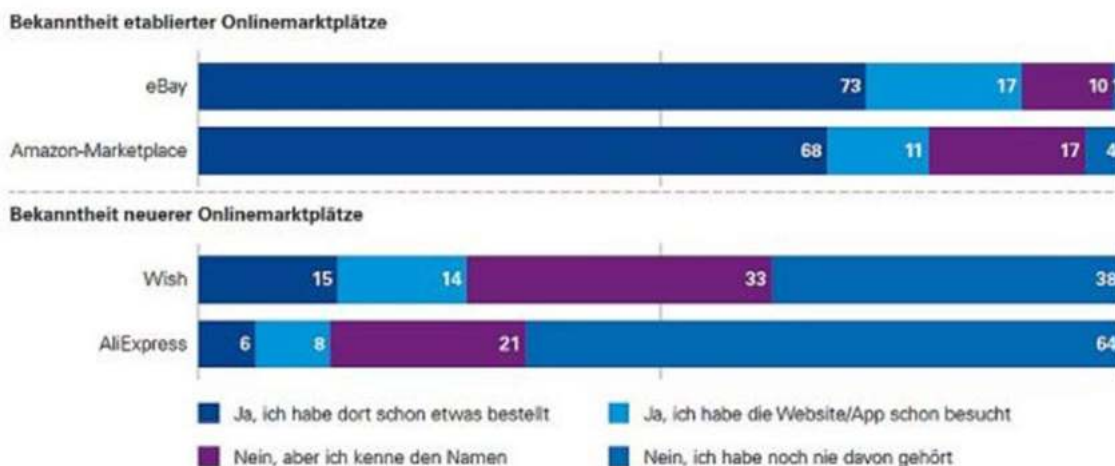
https://www.paypalobjects.com/digitalassets/c/website/marketing/global/shared/global/media-resources/documents/PayPal_Insights_2018_Global_Report.pdf. Accessed 9 Apr. 2020.

⁴ "E-shopper barometer report 2018 - dpd." <https://www.dpd.com/dpd-ch/wp-content/uploads/sites/223/2019/07/E-shopper-barometer-report-2018.pdf>. Accessed 9 Apr. 2020.

⁵ "Germany - Statista." <https://www.statista.com/outlook/243/137/ecommerce/germany>. Accessed 9 Apr. 2020.

⁶ "PayPal Cross-Border Consumer Research 2018." https://www.paypalobjects.com/digitalassets/c/website/marketing/global/shared/global/media-resources/documents/PayPal_Insights_2018_Global_Report.pdf. Accessed 10 Apr. 2020.

A recent, smaller KPMG⁷ study from October 2019 in Germany showed that the popularity of bargain product websites (AliExpress and Wish) is increasing. While three quarters of all Germans have used Amazon or eBay, 15 per cent have already bought products on Wish and 9 per cent on AliExpress.



*Frage: Kennen Sie die folgenden Onlinemarktplätze und haben Sie sie schon einmal genutzt?
 Quelle: KPMG AG Wirtschaftsprüfungsgesellschaft/IFH Köln GmbH, 2019; Abweichungen von 100 Prozent sind auf Rundungsdifferenzen zurückzuführen; n = 500; Angaben in %*

"Consumer Barometer 01/19"⁷

1.2. Chinese sellers on Amazon/eBay selling to EU customers (B2C)

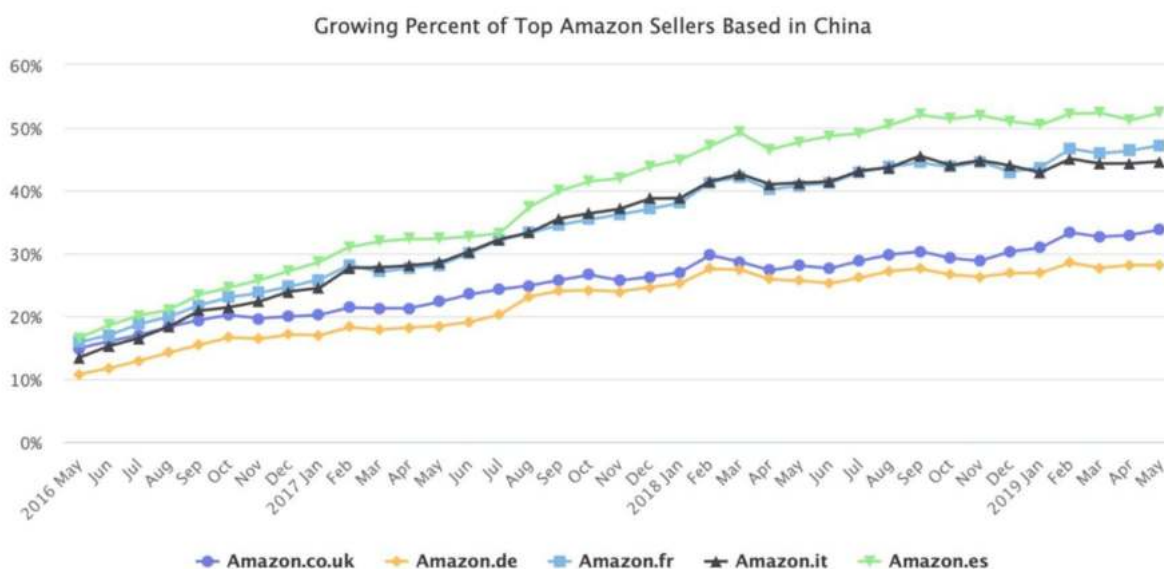
Amazon, eBay and Alibaba are not publicly sharing detailed disaggregated datasets on their platform revenues. The reason for this reluctance clearly is not the lack of availability of these datasets, but a lack of willingness. Independent e-commerce experts know that vast and detailed trade data exists and is being used by platforms daily. However, access to these data sets is highly restricted. The authors' efforts to obtain e-commerce data through enquiries with e-commerce platform's government relations officers through DG JUST has remained largely unsuccessful. The same holds for the author's attempts to directly contact the responsible persons at eBay marketplaces and Amazon Germany. Merely David Baumgart, Director of Government Relations Europe at Alibaba Group, was available for a short exchange and indicated interest in working together on educational content, while he rejected our inquiry for detailed platform data.

⁷ "Consumer Barometer 01/19: Onlinemarktplätze - KPMG" 24 Jan. 2019, <https://home.kpmg/de/de/home/themen/2019/01/consumer-barometer-1-2019-onlinemarktplatz.html>. Accessed 10 Apr. 2020.

Despite the lack of detailed platform data, the authors of the present study were able to identify several sources, from which estimates about the amount of trade by Chinese sellers on Amazon and eBay selling to EU customers can be derived.

1.2.1. Amazon

A study conducted in October 2019 by Mark Steier ⁸, a platform marketing veteran, and Marketplacepulse.com⁹, a marketplace intelligence company, analysed the top 10,000 sellers on Amazon with regards to their seller location, covering 50 per cent of overall sales. Between 2016 and 2019 the proportion of Chinese sellers grew by 14 per cent, resulting in 38 per cent of all Amazon sellers operating directly from China. In Europe the numbers vary between 28 per cent in Germany and 52 per cent in Spain. France had 47 per cent and Italy 45 per cent sellers from China, which is on average 40 per cent -- 3 points higher than two years ago. The chart demonstrates that since 2016 the share of Chinese top sellers on Amazon has steadily increased. Applying the same proportion to all sellers, the study concludes that Chinese sellers account for 3 billion EUR GMV on European Amazon marketplaces.



"Wortfile.de: 38% der größten Amazon ..." ⁸

⁸ "38% der größten Amazon Händler auf amazon.com kommen" 3 Oct. 2019, <https://wortfilter.de/38-der-groessten-amazon-haendler-auf-amazon-com-kommen-aus-china/>. Accessed 10 Apr. 2020.

⁹ "40% of Merchants on Amazon Based in China - Marketplace" 10 May. 2019, <https://www.marketplacepulse.com/articles/40-of-merchants-on-amazon-based-in-china>. Accessed 10 Apr. 2020.

Main driver of the growth is a service called *Fulfilment by Amazon* (FBA) which 75 per cent of Chinese sellers use. Marketplacepulse.com commented this trend in their 2019 Year in Review¹⁰ as follows:

"The success of businesses from China is enabled by both allowing international sellers to use Fulfilment by Amazon (FBA), virtually eliminating otherwise slow shipping, and by local-specific efforts in China. Unfortunately, some of those sellers bring chaos and lower quality products prohibited in the US as counterfeit or unsafe products. Amazon is actively recruiting sellers in China. More than ten thousand sellers attended the 5th annual Amazon Global Store Cross-Border Summit (2019 亚马逊全球开店跨境峰会) held in Shanghai on December 11-12th. Twice as many participated in the live online broadcast because the event was sold out. As the name suggests, the event focused on international expansion, fulfilment, product innovation, and brand building overseas."

Regionally speaking, most Chinese sellers on Amazon are from the Zhejiang, Guangdong and Fujian provinces, with Shenzhen being the main city of Chinese international sellers as DHgate, presumably China's second biggest B2B cross-border trade platform, found in a 2017 study.¹¹

Amazon Third-Party Sellers in China's Provinces



"2017 China Cross-Border E-Commerce (Export B2B) Report." ¹¹

¹⁰ "In 2019, sellers on the Amazon marketplace sold \$200 billion" 11 Dec. 2019, <https://cdn.marketplacepulse.com/misc/marketplaces-year-in-review-2019.pdf>. Accessed 10 Apr. 2020.

¹¹ "2017 China Cross-Border E-Commerce (Export B2B) Report." http://download.dhgate.com/files/2017_China_Cross-Border_E-Commerce_Report.pdf. Accessed 13 Apr. 2020.

1.2.2. eBay

The situation at eBay marketplace differs only slightly from that at Amazon. Even though eBay marketplaces are overall in a decline, the platform becomes increasingly attractive to Chinese sellers. According to an article¹² of *webretailer.com*, a B2B e-commerce specialised blog, identified Chinese sellers to be growing fastest in 2020 -- out of 234 Chinese¹³ top sellers 23 per cent sell to European eBay marketplaces. Most of the Chinese top sellers selling to Europe can be found in the categories *Phones & Accessories* (28 per cent), *Jewelry & Watches* (20 per cent), *Home & Garden* (16 per cent), *Clothing, Shoes & Accessories* (16 per cent), *Music* (12 per cent), *Automobile Parts* (4 per cent), *Books* (4 per cent). However, most sellers diversify across different categories, so the aforementioned only gives a rough indication of what kind of products are sold to EU customers.

Overall Chinese sellers are the second largest group among eBays top 1.000 sellers and compete heavily in all markets, often neglecting EU product regulations as sample studies from *Der Spiegel*¹⁴ and *Which*¹⁵ have shown. In a confidential conversation with a Chinese seller who is also selling to eBay Germany, the Chinese seller remarked that there is little motivation for Chinese sellers to comply with EU product safety regulations due to the comparatively high cost of the CE certification for each product and the limited financial risk imposed by EU customs. All competitors he knows would use fake CE certificates or simply print a CE sign on the box, to circumvent suspicion.

These are the countries with the most sellers in the top 1,000.

#	Country	Sellers	Feedback ⁽¹⁾
1	 UK	308	21,115
2	 China	222	10,355
3	 US	203	16,063
4	 Germany	178	12,866
5	 Australia	29	1,696
6	 Hong Kong	14	743
7	 Italy	5	242
8	 Japan	5	211
9	 Malaysia	4	202
10	 Singapore	4	203

1 - The sum of feedback (in thousands) received in the last twelve months

"Webretailer.com: The World's Top eBay Seller 2020"¹³

¹² "World's Top eBay Sellers: Cross-Border Trade - Web Retailer." 13 Mar. 2014, <https://www.webretailer.com/b/ebay-sellers-cross-border-trade/>. Accessed 11 Apr. 2020.

¹³ "The World's Top eBay Sellers 2020 - Web Retailer." 4 Feb. 2020, <https://www.webretailer.com/b/worlds-top-ebay-sellers/>. Accessed 11 Apr. 2020.

¹⁴ "Amazon sieht zu, wie China den deutschen ... - Der Spiegel." 13 Dec. 2018, <https://www.spiegel.de/wirtschaft/unternehmen/amazon-sieht-zu-wie-china-den-deutschen-onlinehandel-ruiniert-a-1242474.html>. Accessed 14 Apr. 2020.

¹⁵ "Two-thirds of the 250 products tested from Amazon" 24 Feb. 2020, <https://press.which.co.uk/whichpressreleases/two-thirds-of-the-250-products-tested-from-amazon-marketplace-aliexpress-ebay-and-wish-fail-safety-tests/>. Accessed 29 Apr. 2020.

1.3. EU sellers purchasing products from China (B2B2C)

According to statistics from McKinsey¹⁶ 12 per cent of all international trade can be accounted for by e-commerce. Getting actual and conclusive data on the China / EU B2B cross-border trade is a challenge, since definitions vary regarding the scope of trade that can be attributed to e-commerce and which can be attributed to imports for reselling.

Statistics from 2016 Accenture forecasted that by 2020, global B2B e-commerce will generate turnovers of 6.7 trillion USD, with one-third of the figure attributable to cross-border transactions (approximately 2.32 trillion USD).

1.3.1. Alibaba

If Amazon is the online storefront for businesses to sell their product, Alibaba is the wholesale directory where businesses find products and their producers. Alibaba is also the number one sourcing platform for European companies looking for products that sell well in e-commerce. The research from DHGates¹⁷ shows, which categories of products were exported in B2B e-commerce in China.

Rank	Product Category	2015	2016	Change in Rank
1	Mobile Phones & Accessories	89.38	91.69	-
2	Fashion Apparel	79.55	91.58	↑ 1
3	Health & Beauty	73.96	89.62	↑ 1
4	Maternity & Baby Products	58.35	80.07	↑ 2
5	Household & Gardening	82.47	75.72	↓ 3
6	Consumer Electronics	63.54	72.34	↓ 1
7	Sports & Outdoor Products	47.70	56.73	↑ 2
8	Hair Products	50.58	54.64	↓ 1
9	Computers & Networking	41.28	51.56	↑ 2
10	Jewelry	50.57	44.65	↓ 2
11	Cars, Motorcycles	37.40	43.37	↑ 1
12	Watches	29.33	38.72	↑ 2
13	Commercial & Industrial	35.65	36.97	-
14	Footwear & Accessories	25.24	32.53	↑ 4
15	Toys & Gifts	28.01	27.82	-
16	Luggage, Bags & Accessories	44.17	27.55	↓ 6
17	Gaming Products	15.62	25.10	↑ 3
18	Lighting	28.00	23.48	↓ 2
19	Digital Camera, Photography Equipment	22.16	21.89	-
20	Security & Surveillance	14.42	18.97	↑ 1
21	Bridal Gowns	11.28	15.62	↑ 2
22	Fashion Accessories	26.69	12.79	↓ 5
23	Musical Instruments	11.55	10.90	↓ 1

Rank	Top 10 Product Categories For Cross-Border E-Commerce, By Volume, 2016	Top 10 Product Categories For Cross-Border E-Commerce, By Volume, 2016 – Weightage
1	Mobile Phones & Accessories	10.1%
2	Hair Products	9.3%
3	Fashion Apparel	8.9%
4	Health & Beauty	8.2%
5	Maternity & Baby	7.7%
6	Consumer Electronics	6.6%
7	Household & Gardening	6.2%
8	Watches	5.6%
9	Jewelry	5.4%
10	Sports & Outdoor	4.9%

"2017 China Cross-Border E-Commerce (Export B2B) Report." ¹¹

¹⁶ "Digital globalization: The new era of global flows | McKinsey." <https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/digital-globalization-the-new-era-of-global-flows>. Accessed 9 Apr. 2020.

¹⁷ "2017 China Cross-Border E-Commerce (Export B2B) Report." http://download.dhgate.com/files/2017_China_Cross-Border_E-Commerce_Report.pdf. Accessed 13 Apr. 2020.

Wang Hai, vice president of Alibaba Group, said at the 2019 Alibaba Cross-border E-commerce Summit & Sourcing Fair that cross-border supply grew from 2018 to 2019 by 120 per cent. Meanwhile, Global Times CN reported that on “Alibaba’s business-to-business (B2B) global e-commerce platform, European markets showed strong growth potential. For example, the volume of trade surged by 186 percent year-on-year in the Netherlands during the platform’s purchasing festival in September, while Germany saw trade volume surge by 141 percent during the same period.” The ability of Chinese producers to white- or private-label the products, even allow them to market the same product in different ways with different brands. This can be observed in the top sellers’ lists, especially in categories where brand differentiation matters less, like cables, mobile chargers or gardening appliances.

2. Product safety issues analysis

In order to maximize impact and efficiency of project interventions, evidence-based decisions on prioritizing product categories need to be taken. As such evidence, market data (trade volumes per category), as well as data on product safety issues are considered. For the latter, RAPEX and which.co.uk were used as data sources.

For the analysis, data from RAPEX was extracted to quantify serious product safety issues that were reported in 2019 and 2020 for Chinese products sold in the European market. In addition to a quantitative analysis of reported safety issues per category, a qualitative assessment of the most typical reasons for product safety issues for each category was conducted.

The findings show that for each product category typically 90 per cent of reported safety issues are very similar in nature, for example children’s toys often have issues with small parts that could be swallowed, or harmful chemicals such as phalates. Based on the typical reasons for safety issues, a (rough) grading of how complex it would be for traders to assess the product safety risks. For example, swallowability-parts would be rather easy to discover, while other safety issues may require detailed knowledge of technical standards, including lab testing equipment.

The complexity of assessing product safety issues is relevant as educational videos and PDFs targeting traders on platforms would prioritize the low-hanging-fruits, i.e. those safety risks that are easy to assess. The results of the RAPEX data analysis are as follows:

Product category	Typical examples of products and their safety issues	Number of reported products from China on RAPEX 2019-2020	Complexity of assessing product safety issues (rough estimate 1=easy / 10=very complex)
Chemical products	Liquid for e-cigarettes non-compliant with tobacco products directive or REACH regulation, tattoo ink containing nickel or arsenic	8	6
Childcare and children products	injury risk with child seat, harness of child car-seat non-compliant with EN standard, choking risk with soother holder, fire risk for child night lamp	7	7
Clothing, textile and fashion items	Strangulation, injury from clothing, chromium in leather gloves and shoes, chlorinated paraffins and lead in raincoat or bags, choking risk with small parts in shoes	9	4
Cosmetics	e.g. nail polish remover containing dichloromethane, hand cream containing methylisothiazolinone	1	6
Decorative items	Oil lamp leaking	1	2
Electrical appliances and equipment	Electric shock risk in USB Chargers (many!!!), kitchen appliances and various other items, high amount of lead in USB car adapter, fire risk in electric welding equipment	32	5
Hobby/sports equipment	gloves or training weights with harmful chemicals such as PAHs and chlorinated paraffins. Hoverboard or dirt bike with electric/fire risks and sharp edges injury risks.	4	7

Jewelry	earrings and other jewelry containing nickel, cadmium, lead	8	6
Kitchen/cooking accessoires	pineapple cutter with blade that could get stuck in the fruit with risk of swallowing	1	5
Laser pointer	laser pointer too powerful	4	3
Lighting chains	christmas lighting chain with weak cabling causing risk of electric shock and fire	13	4
Lighting equipment	Lamp soldered with high amounts of lead	6	8
Machinery	Laser engraving machine with laser injury risk, grinder or saw with risk of physical harm	7	7
Motor vehicles	motorcycle with fragile brakes, electric three-wheel drive without type approval	2	vehicle without approval=2 fragile brakes=8
Other	mobile phone case with harmful substances (PAH, DEHP), non-compliant to REACH	5	6
Protective equipment	motorcycle helmet with insufficient absorption capacity	2	8
Pyrotechnic articles	firecracker with fuse too short, too loud, can tip and fire sideways	5	5
Toys	small parts swallow risk, harmful chemicals esp. phalates, batteries accessible, weak seams ==> stuffing material leak and swallow risk	138	3

The second data source relies on 250 products that were purchased from online retailers and marketplaces and were checked for compliance with EU safety requirements in 2019 by Which, Stiftung Warentest, Test-Achats, Consumentenbond, Forbrugerrådet Tænk and Altroconsumo.

Tests from 250 products yielded an overall 66 per cent of products being non-compliant with EU safety standards.¹⁸ The following table provides a detailed overview of the results:

Category	Pass		Fail		Total
	#	%	#	%	#
Cosmetics	17	44%	22	56%	39
Plastic toys	20	69%	9	31%	29
Children's toys	19	83%	4	17%	23
Baby toys	2	10%	19	90%	21
Binoculars	1	6%	16	94%	17
Children's clothing	2	12%	14	88%	16
Christmas lights	7	54%	6	46%	13
Power banks	5	42%	7	58%	12
Travel adaptors	1	8%	11	92%	12
USB chargers	4	33%	8	67%	12
Children's make-up	1	9%	10	91%	11
Teeth-whitening	0	0%	11	100%	11
Teething toys	4	50%	4	50%	8
CO alarms	0	0%	7	100%	7

¹⁸ <https://www.which.co.uk/news/2020/02/66-of-products-tested-from-online-marketplaces-amazon-marketplace-aliexpress-ebay-and-wish-failed-safety-tests/> accessed on 29 Apr 2020 and <https://press.which.co.uk/whichpressreleases/two-thirds-of-the-250-products-tested-from-amazon-marketplace-aliexpress-ebay-and-wish-fail-safety-tests/> accessed on 29 Apr 2020

Jewellery	2	29%	5	71%	7
Balloons	0	0%	5	100%	5
Smoke alarms	0	0%	4	100%	4
Helmets	0	0%	3	100%	3

Comparing the two datasets, RAPEX data contains mainly serious safety threats, while the methodology of the second dataset contains several less severe EU standard compliance issues. The type of issues in respective product categories, however, are pointing in a similar direction. Both studies point towards the fact that swallow able small parts and harmful chemicals in toys are the primary safety issue, whereas electric shocks, shortcuts or fire risks in chargers, lights and other electrical devices are a second reoccurring issue. These underscores the priority setting of the SPEAC project.

3. Measures to improve product safety

Product safety and consumer protection is anchored in the policies of all platforms that are selling to EU customers. Amazon, eBay, Wish and AliExpress have product safety guidelines in place and require their sellers to adhere to local laws and safety standards. Given the span of categories and country specific implementations of the platforms, only exemplary checks were conducted to determine what efforts the platforms currently undertake for product safety. To that end, **the authors registered as sellers on amazon.de, alibaba.com and ebay.de** and listed new and existing products in two categories; home appliances and child toys.

3.1. Existing measures at Amazon

Amazon uses several paths to inform Chinese and international sellers about the policies on their EU marketplaces. The *Sellers Central*¹⁹ is the cornerstone to educate sellers on how selling on Amazon works and what rules apply. *Global Selling China*²⁰, a platform targeting especially Chinese sellers and

¹⁹ "Amazon Seller Central." <https://sellercentral.amazon.com/>. Accessed 14 Apr. 2020.

²⁰ "如何注册亚马逊卖家_开店流程及费用_怎么入驻_Amazon 亚马逊." <https://gs.amazon.cn/>. Accessed 14 Apr. 2020.

manufacturers for cross-border trade on Amazon marketplaces informs sellers how they can operate in the different markets with a detailed playbook²¹ in Chinese language for business in European markets.



"Screenshot 10.04.2020, https://gs.amazon.cn/?ref=sdus_cn_f_flag&ld=SCNASFButton"

Procedural measures include an approval process for listing certain items to be sold on EU marketplaces and take down of RAPEX reported items. Amazon approval process applies for some categories²² and products such as Defibrillators, Fidget spinner, car parts, toys etc., where the seller needs to provide further business details and in some cases the Declaration of Conformity, CE mark, WEEE number and other documentation validating the product complies with EU regulation.

²¹ "亚马逊“全球开店” 欧洲站指导手册." https://m.media-amazon.com/images/G/28/AS/AGS/CNGlobalSellingPlaybookEUSSRWEB081119.CB448225454_CB1198675309_.pdf?ld=ASCNAGSDirect_ASCNAGSbottom. Accessed 14 Apr. 2020.

²² "Category, product, and listing restrictions - Amazon Seller" <https://sellercentral.amazon.com/gp/help/external/G200301050>. Accessed 14 Apr. 2020.



Freischaltungsantrag für Unterkategorie
 Sie beantragen die Verkaufsgenehmigung für die Unterkategorie Spielzeug.

Berichten Sie uns von Ihren Produkten und Ihrem Geschäft

Sind Sie Wiederverkäufer/Vertrieber, Hersteller der Produkte, die Sie anbieten wollen, oder beides?

Wiederverkäufer / Großhändler
 Hersteller
 Beide

Geben Sie Ihre Kontaktdaten an

E-Mail-Adressen Die beste E-Mail-Adresse, um Ihnen Fragen zu schicken
 Trennen Sie Adressen durch Kommas

Optional **Telefonnummer** Telefonnummer, unter der Sie bei Rückfragen am besten zu erreichen sind

Entwurf speichern Abenden

Verkaufsrang: 24.354
Angebote: 1 Gebraucht & neu

Freischaltung beantragen

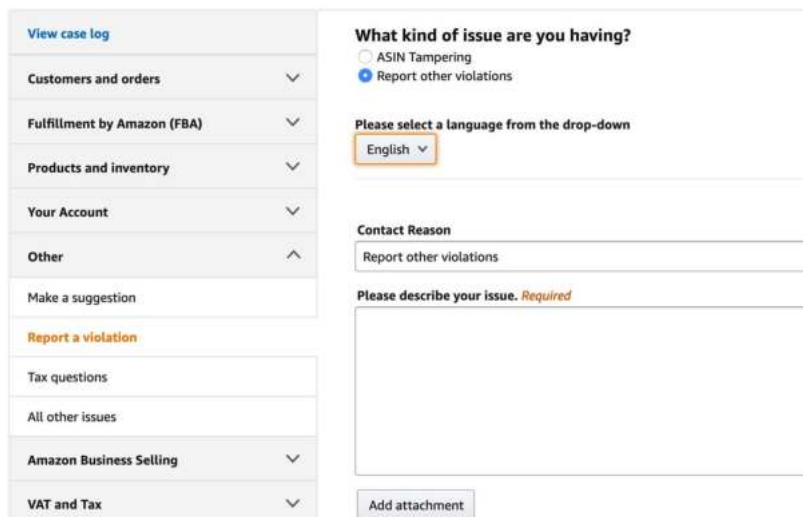
Einschränkungen ausblenden ^

- Um Produkte in der Kategorie Spielzeug anbieten zu können, müssen Sie eine Freischaltung beantragen
- **Instandgesetzt Zustand:** Sie können das Produkt in diesem Zustand nicht anbieten.

“Screenshot 11.04.2020, <https://sellercentral.amazon.de>”

Besides the item take down following RAPEX notifications, Amazon allows sellers to report on other sellers’ violations via a contact form in the seller central. EU sellers, however, complain²³ in forums and newspapers that the tool is not enough to handle the amount of product policy violations, since every item must be reported individually and removed products could be relisted faster than they are taken off.

What can we help you with?



View case log

- Customers and orders
- Fulfillment by Amazon (FBA)
- Products and inventory
- Your Account
- Other
- Make a suggestion
- Report a violation
- Tax questions
- All other issues
- Amazon Business Selling
- VAT and Tax

What kind of issue are you having?

ASIN Tampering
 Report other violations

Please select a language from the drop-down
 English

Contact Reason
 Report other violations

Please describe your issue. *Required*

Add attachment

EU customers are informed on Amazon’s help pages²⁴ about buying from third party vendors on their marketplaces and through the company’s return policy about the implications of buying cross-border.

“Screenshot 11.04.2020, <https://sellercentral.amazon.de>”

²³ "Amazon sieht zu, wie China den deutschen ... - Der Spiegel." 13 Dec. 2018, <https://www.spiegel.de/wirtschaft/unternehmen/amazon-sieht-zu-wie-china-den-deutschen-onlinehandel-ruiniert-a-1242474.html>. Accessed 15 Apr. 2020.

²⁴ "Amazon.com Help: About Ordering from a Third-Party Seller." <https://www.amazon.com/gp/help/customer/display.html?nodeId=201889310>. Accessed 14 Apr. 2020.

3.2. Existing measures at eBay

Like its competitors, eBay relies on the seller's responsibility to adhere to local product safety standards and follows through on RAPEX notifications. A restriction for certain categories does not seem to exist. When selling products from China, eBay requires the seller to agree to extra regulations for cross-border trade, including PayPal as the mandatory payment method.



In contrast to Amazon, eBay still operates in China with its own local site ebay.cn and ebay.com.hk, with eBay HongKong especially focused on international cross-border trade. eBay informs its sellers on the seller centre and in its eBay University, but no detailed information about EU product safety regulations for cross-border trade could be found on the international trade help pages.



"Screenshot 13.04.2020, <http://ebay.com.hk/pages/help/policies/international-trading.html>"

On ebay.cn video tutorials seem to be a quite common tool to inform buyers and sellers as well.



"Screenshot 13.04.2020, https://university.ebay.cn/trainingcenter/index/online_video/"

3.3. Existing measures at Alibaba

With its focus on B2B cross-border trade and supplier search, Alibaba takes a different approach to EU product safety. Apart from general prohibited items²⁵ and restrictions for potentially harmful products, Alibaba relies on informed decision-making of the potential purchasing company. Alibaba enables this on different levels. For example, to show to potential importers from Europe, the supplier can upload certificates in the certificate-centre²⁶ and self-declare his/her EU product safety conformity, which then appears on the sellers' front page. Since the quality of the images vary and the certificates are not digitally validated by the EU, most of them are of questionable reliability according to a China sourcing expert interviewed in the context of this study.

²⁵ "Product Listing Policy - Alibaba.com Rules Center." <http://rule.alibaba.com/rule/detail/2047.htm>. Accessed 15 Apr. 2020.

²⁶ "Alibaba.com Rules Center." <https://rule.alibaba.com/rule/detail/11001768.htm>. Accessed 15 Apr. 2020.

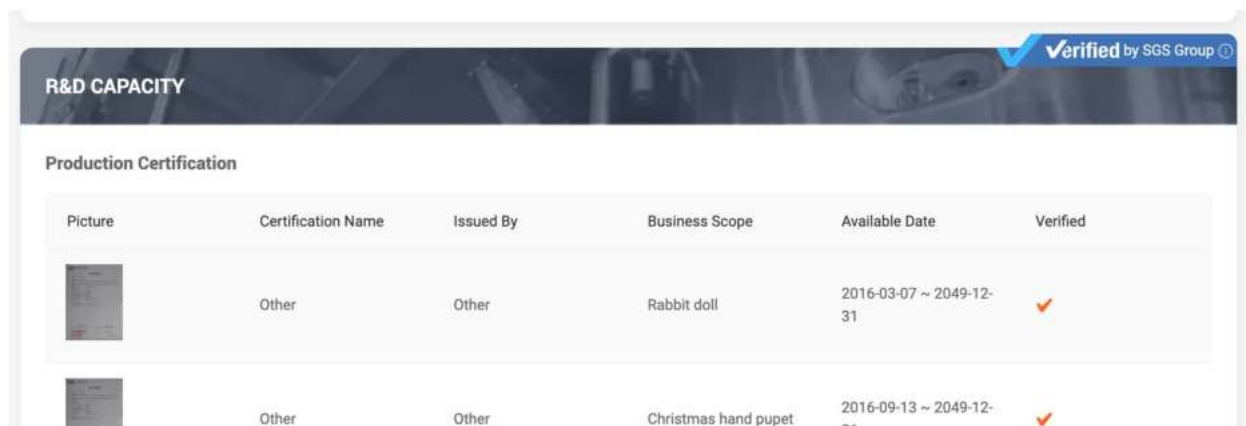
Product Description PACKAGING & SHIPPING MORE STYLES TO CHOOSE FROM **OUR CERTIFICATES** CUST



OUR PRODUCTS CERTIFICATE



"Screenshot, 15.04.2020, https://www.alibaba.com/product-detail/High-Quality-Baby-Ride-On-Car_60592620756.html?spm=a2700.details.deitai6.5.d260de3fdT9IF"

To get official verification, suppliers have the option to get their information checked by professional services like TÜV Rheinland or SGS Group, which will be then labelled with a "verified" batch next to the tab.



R&D CAPACITY					
Production Certification					
Picture	Certification Name	Issued By	Business Scope	Available Date	Verified
	Other	Other	Rabbit doll	2016-03-07 ~ 2049-12-31	✓
	Other	Other	Christmas hand puppet	2016-09-13 ~ 2049-12-31	✓

"Screenshot, 15.04.2020, https://www.alibaba.com/product-detail/High-Quality-Baby-Ride-On-Car_60592620756.html?spm=a2700.details.deiletai6.5.d260de3fDiT9iF"

4. Recommendations and next steps

In comparison to the efforts on protecting intellectual property and stopping copyright infringements, product safety seems to be of secondary importance to e-commerce platforms. While eBay, Amazon and Alibaba have dedicated educational material, software tools, processes and whole sections on their websites to intellectual property, product safety remains an afterthought that platforms take little responsibility for. Legal responsibility remains with the traders on the platform, while platforms tend to merely mention that compliance with local laws is required.

As an overall recommendation, the product safety governance on e-commerce platforms may benefit from a closer look into and the adoption of learnings from existing mechanisms of the copyright enforcement regime, which might include legal aspects and economic incentives leading to platform-based preventive measures.

4.1. Improve data

Detailed data on retail e-commerce trade between China and EU remains patchy, therefore it is recommended to further invest in improving data gathering for evidence-based policy making and prioritization. This could either be achieved by making it mandatory to indicate the selling platform on the customs documents or by working towards a voluntary commitment of leading platforms to provide detailed datasets for policy making. This includes sold items per category and GMV, in particular for cross-border trades between EU and China. Such voluntary commitment could be integrated into the *Product Safety Pledge* of e-commerce platforms.

If voluntary commitments prove not viable, legal options for compulsory data sharing should be explored.

4.2. Online training on product safety for merchants on platforms

The key recommendation for the SPEAC project is to focus on delivering educational content on product safety in the form of videos to be integrated into sellers' front-end of e-commerce platforms and PDFs to be used in training broadcasts. E-commerce platforms are not legally obliged to collaborate, but Alibaba and Wish have indicated interest to do so. This is why the authors recommend proceeding iteratively, starting with one or two brief pilot videos addressing the most common product categories and their key safety issues. The training content shall be made available publicly with an unrestricted license²⁷ allowing any platform to integrate it.



"Example for online training video"

Once this collaboration on educational training materials on platforms has proven viable and successful with at least one platform, efforts shall focus on optimizing training content, producing additional content to cover additional product categories, and widening its scope by suggesting other platforms to integrate content in their platforms accordingly. As the adoption of product safety videos and other training forms

²⁷ Such as Creative Commons CC-BY <https://creativecommons.org/licenses/by/4.0/legalcode>

on e-commerce platforms is picking up, the goal should be to include the cooperation on product safety educational content in future updates of the *Product Safety Pledge*.

A concrete suggestion for a first step to kickstart cooperation would be to produce training material on product safety in electronics in the form of a maximum 20-page PDF in Chinese language to be used in training broadcasts that Chinese platforms such as Wish and AliExpress are regularly performing with their merchants. These training broadcasts typically address an audience of 500 to several thousand merchants.

4.3. Outlook: Product safety API for platforms (“RAPEX 4.0”)

With the steep growth of cross-border retail trade from China to EU enabled by e-commerce platforms and given that comprehensive border checks are likely no viable option, there is a need for accurate, timely, comprehensive and seamlessly integrated reporting and risk management on product safety. The need can best be tackled through an intervention at the point of sale, namely, the online marketplace.

In the *Product Safety Pledge*²⁸, online marketplaces are committing themselves to

Consult information on recalled/dangerous products available on RAPEX and from other sources, such as from enforcement authorities. Take appropriate action in respect to products concerned, when they can be identified. [...] Appropriate action could include, among other things, removal of product listings, blocking the sale of product into the EU and/or informing consumers and sellers, as appropriate.

The ability of online marketplaces to heed their pledge and take appropriate action in respect to products concerned depends on the ability to reliably identify products, which in turn needs suitable data for risk management. Assuming a suitable incentive for platforms to reduce product safety risks, there are several data points from various sources that can help them generate an accurate risk score for each product being traded on their platforms.

The future vision, thus, would be RAPEX developing into a product safety-related data sharing platform, much beyond its current scope. Data points may include:

- A collection of pictures, barcodes, product names, producer and reseller company information as well as other means to identify products
- Consumer complaints, including those reported to national authorities, those reported directly to RAPEX, as well as product reviews from various sources
- Product tests and reviews by national consumer information bodies such as Stiftung Warentest, Altroconsumo and others
- Various data points from the workflows of EU member state’s national product safety authorities

²⁸ https://ec.europa.eu/info/sites/info/files/voluntary_commitment_document_4signatures3-web.pdf accessed on 29th April 2020

Rather than being an actual centralized platform, which would come with a set of legal implications, RAPEX may evolve into a set of interoperability frameworks, or Application Program Interfaces (APIs), defining a technical consensus on how data is exchanged between concerned stakeholders. Not only online marketplaces would benefit from more accurate risk management scorings on their platforms, but also national product safety and consumer protection bodies would benefit from being able to provide improved services to their consumers through better data integration in their workflows.

Of course, this sketch of future RAPEX developments is based on a rather superficial understanding and several to be confirmed assumptions. It would need further exploration, ideally through several user-centric design exercises with various user groups, primarily from the aforementioned stakeholder groups, to validate prioritized functionalities and corresponding data points.