

Policy paper on product compliance enforcement on online marketplaces



Online market platforms: enhancing consumer and environmental protection and ensuring a level playing field

With almost 4 billion parcels ordered online and delivered annually within the EU, many packages from third countries reach European consumers containing non-compliant products. For the home appliance sector, non-compliance translates into several significant risks. It compromises consumer safety, environmental protection, and undermines fair competition. For instance, non-compliant products often disregard Extended Producer Responsibility (EPR) schemes and fail to meet safety requirements. This not only hampers consumer protection but also undermines the EU's environmental and sustainability targets and reduces the level playing field.

1. Main messages

- Non-compliant products on online marketplaces pose significant risks to consumer safety, environmental goals, and fair competition. Enhancing marketplace accountability and closing legislative loopholes is essential to protect consumers and uphold EU standards.
- By holding online marketplaces accountable for compliance and enforcing Extended Producer Responsibility (EPR) schemes, the EU can address free-riding practices, ensure fair competition, and contribute to waste management and sustainability targets.
- Online marketplaces need to ensure that for all the products they provide there is a legal representative based in the EU or they are fully accountable for the product compliance of EU legislation.

2. Protecting consumer and ensuring a level playing field

In 2024, for example, **more than 400 products** coming outside of the EU were listed under the "electrical appliances" category in the [EU's Safety Gate](#) system, with over 200 posing significant risks such as burns or electric shocks. While non-compliant large appliances like refrigerators and washing machines are rarely found online, smaller appliance products such as toasters, heaters or hair dryers are particularly concerning due to their higher prevalence and safety risk management needs. Large volumes of those products are sold directly to EU consumers by non-EU traders via online marketplaces. For such products there is typically **no legal entity within the EU** that ensures all the EU legal obligations are fulfilled and is available to assist in case there is an issue with the product.



Furthermore, national enforcement bodies can **only act on their own territory** and hence without a EU legal entity enforcement cannot be effective. This creates a legal loophole undermining compliance, consumer safety and environmental protection as well as the level playing field

While the **Digital Services Act** (DSA) and **General Product Safety Regulation** (GSPR) provide a regulatory framework, they **remain limited** in addressing traders on online marketplaces who do not have a **legal entity** within the European Union and fail to adequately address challenges of the online marketplace enforcement. Furthermore, market surveillance authorities and customs authorities have limited means to handle the vast volumes of products being sold to customers in the EU. The accountability of marketplaces needs to be improved. This legislative loophole needs to be closed to protect consumers and uphold EU standards.

Strengthening Marketplace Accountability

We welcome the **Communication on a Comprehensive EU Toolbox for Safe and Sustainable E-Commerce** issued in February, which acknowledges these concerns and aims to strengthen the enforcement of existing regulations to tackle the issue effectively. However, if the traders and/or online marketplaces do not have a legal entity in the EU the existing framework will remain limited. To close the legal loophole, the traders selling products into the EU should be **required to have a legal entity** in the Union or online marketplaces should be required to have a legal entity in the Union and **assume legal responsibility under EU law and specific national legislation**. This includes liability for non-compliance with safety and environmental regulations as well as national customs and VAT payment obligation.

By requiring online marketplaces to either **assume responsibility** for the safety of products listed on their platforms or mandate and control that traders appoint an authorized representative within the EU, this way the enforcement of EU regulations could be streamlined which would significantly enhance monitoring and consumer protection.

Leveraging the EPREL Database for Broader Compliance

A potential solution to ensuring more effective monitoring of product compliance could be the creation of a database. A similar system exists for energy-labeled products under the [EPREL database](#), where consumers and market surveillance authorities can access accurate product information. Registration in EPREL is mandatory for selling energy-labeled products on the EU market and from 2024 companies **must register with a qualified E-Seal** to list products, effectively **requiring** the supplier, importer, or manufacturer **to be registered in an EU Member State**. A database for wider product categories could be developed, requiring only essential information to avoid placing unnecessary administrative burdens on companies.

This system would allow online marketplaces to verify product listings and help market authorities ensure compliance with EU legislation, improving transparency and regulatory oversight across a wider range of products.



3. Ensuring fair contributions to waste management

We also want to emphasize an area of non-compliance that extends beyond product safety: adherence to EU obligations for Producer Responsibility concerning the recycling of electrical and electronic waste (WEEE). Failure to comply with these obligations not only harms the environment but also distorts fair competition among businesses operating in the EU market. **Extended Producer Responsibility (EPR)** schemes are pivotal for enhancing waste recovery and recycling rates, reducing environmental harm, and sharing the financial and operational responsibility for waste management fairly. Companies established within the EU **comply with EPR requirements**, contributing by paying fees to the effectiveness of waste management systems. However, a growing challenge arises from the proliferation of online sales from sellers who evade EPR obligations.

Some online sellers, due to ignorance or deliberate evasion, fail to pay EPR fees, shifting the financial burden to compliant businesses. In 2018 the available information indicates that the overall scale of the online free-rider issue is likely to be between 5% and 10% of the value of the OECD Electrical and Electronic Equipment market.

Strengthening EPR Compliance in Online Marketplaces

As mentioned in the Commission's communication, the Commission will leverage the future **Circular Economy Act** to tackle the issue of free riders. In this context, online market places should be **an integral part of the producer responsibility organization**, whereby they can be held responsible by the other members, just as any other company putting product on the market. They could act as the facilitators in paying and registering. This approach simplifies compliance and ensures all sellers contribute to EPR goals.

In addition, EU policymakers should **prioritise closing legal loopholes** in the WEEE legislation and enforcement. All online sellers in the EU should be legally required to take on the duties of "producer" under the WEEE Directive with effective enforcement of the requirement and a more **harmonised producer registration tool** should also be introduced.

Several Member States have already introduced measures to tackle free riding. France has implemented a model where online marketplaces can step in to assume EPR obligations (registration, reporting, payment) on behalf of their partners if the latter opt out. Similarly, Germany's WEEE regulation prohibits online platforms from listing products from unregistered manufacturers, leading to a significant increase in compliant producer registrations. This model exemplifies how enforcement measures can improve EPR adherence.

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