

PRODUCT SAFETY IN THE EU – A CHINESE PROBLEM?

The safety of consumer goods in the EU Single Market is geopolitical

The globalisation and digitalisation of consumer markets has led to a situation where products imported into the European Union (EU) bear significant risks for consumers when it comes to the safety of these products. Most of the unsafe products originate in China. In the economic and geopolitical discourse about the EU-China relations, the product safety nexus and its implications for fair competition between Chinese importers and European manufacturers has not received particular attention so far. The Federation of German Consumer Organisations (Verbraucherzentrale Bundesverband – vzbv) calls on the European Commission and the EU Member States to tackle the problem of unsafe products pouring into the European Single Market from China via political and regulatory means.

Today, a large number of imported consumer goods come from China – covering the categories of telecommunication equipment, clothes, or baby carriers.¹ Toys are also often produced in China and then imported into the EU. At the same time, the increasing digitalisation and globalisation of consumer shopping behaviour entails that marketplaces such as Amazon and eBay, but also lesser known platforms like Wish, Lightinthebox, Shein, or Floryday, are able to link European consumers with traders around the world. Online marketplaces most notably link Chinese traders with customers in the EU and other Western markets. In January 2021 roughly 75 percent of new traders on the biggest Amazon markets (Germany, USA, Japan and UK) had their origin in China.²

Direct imports into the EU (mostly via online marketplaces but also via social media like Instagram) represent a fast growing phenomenon. Customs authorities at Liège Airport – the seventh largest cargo airport in the EU in 2018 – report an increase of direct imports from 9 million parcels in 2018 to 350 million parcels in 2019.³ With the rise of global online shopping and direct imports to the EU, product safety challenges are equally on the rise as checks on these direct imports are harder to conduct than with bulk shipments via registered importers.

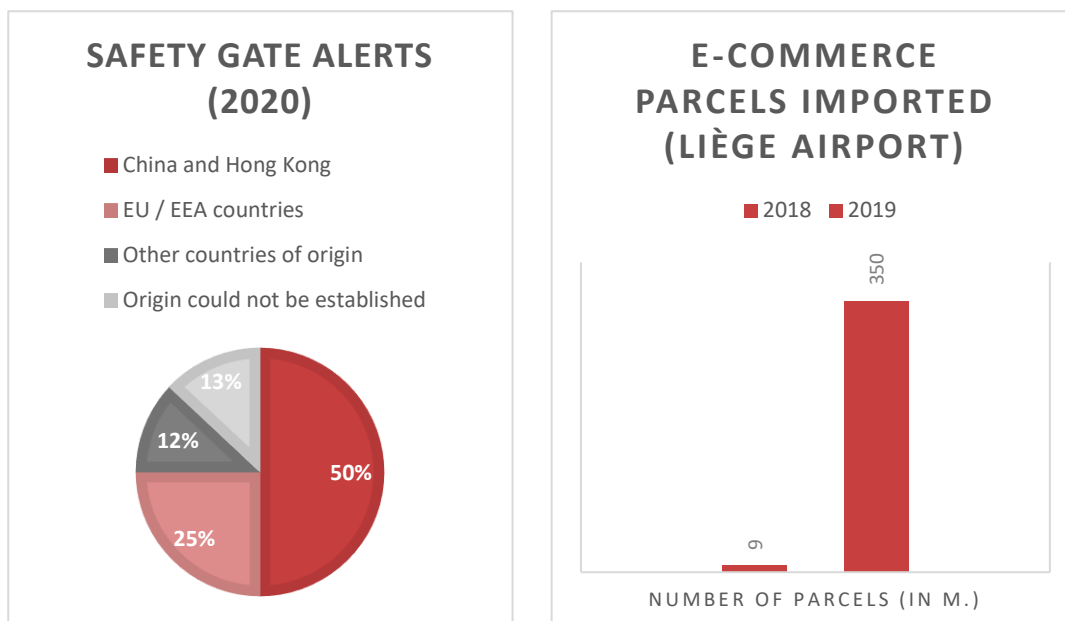
In 2020, the **EU rapid alert system for non-food products** notified 2253 alerts for dangerous goods that were placed on the EU market⁴ – mostly toys, electrical appliances and clothing. Among the products notified, 50 percent came from China (see chart above). For 13 percent of the notified products, the origin could not be established. These numbers, however, are probably only the tip of the iceberg as

¹ Eurostat (2021): Most traded products between the European Union and China 2020, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=China-EU_-_international_trade_in_goods_statistics#EU-China_most_traded_goods

² Marketplace Pulse (2021): 75% of New Sellers on Amazon Are From China, 29 January 2021, <https://www.marketplacepulse.com/articles/75-of-new-sellers-on-amazon-are-from-china>

³ Presentation by Liège airport, January 2020

⁴ European Commission (2021): Safety Gate Annual Report 2020, <https://ec.europa.eu/safety-gate/#/screen/pages/reports>



the plethora of unsafe products escapes customs controls and market surveillance authorities.

This is highlighted by **extensive research**: Six European consumer organisations tested 250 electrical goods, toys, cosmetics and other products bought from online marketplaces such as Amazon, AliExpress, eBay and Wish in 2019. They selected the products based on possible risks and found that 66 percent of them fail EU safety laws with possible consequences such as electric shocks, fire or suffocation.⁵ The Dutch consumer organisation Consumentenbond warned consumers from shopping from Chinese web shops and tested Chinese security cameras with dangerous flaws to privacy.⁶ In 2018, UK consumer organisation Which? warned of dangerous slime toys for children containing boron-levels four times higher than EU safety rules allow.⁷ In 2020, 40 such items were notified in the EU database – 34 of which originated from China.⁸

But this is not only a consumer problem: European manufacturers complain about unfair competition due to cheap and dangerous products. In 2019, Toy Industries Europe bought toys from four of the largest European marketplaces. All goods were directly shipped from China and 76 percent of 134 toys tested were found to be illegal (due to sharp edges, suffocation, choking or strangulation risks, risk of burns or high chemical contents).⁹

The Danish Chamber of Commerce bought 50 products from three online marketplaces (AliExpress, Amazon and Wish) in 2019. They found that 46 of the 50

⁵ <http://www.beuc.eu/publications/two-thirds-250-products-bought-online-marketplaces-fail-safety-tests-consumer-groups/html>

⁶ <https://www.consumentenbond.nl/online-kopen/tips-voor-het-kopen-bij-chinese-webwinkels>; <https://www.consumentenbond.nl/beveiligingscamera/onveilige-chinese-beveiligingscameras-net-onkruid>

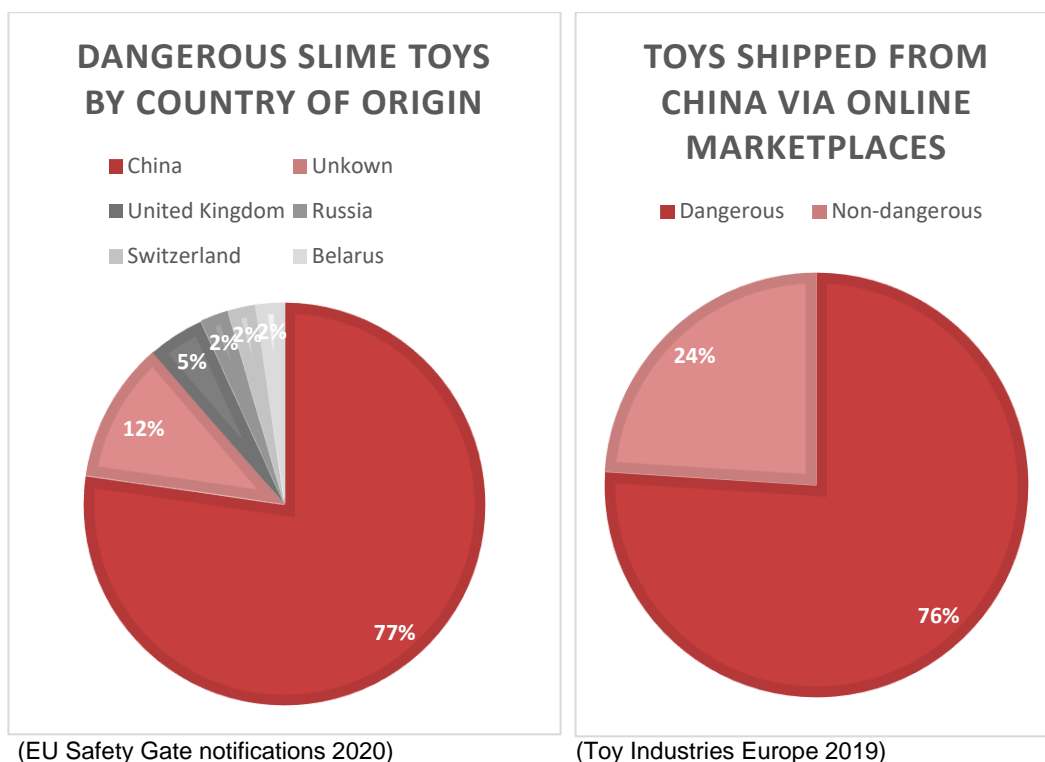
⁷ <https://www.which.co.uk/news/2018/12/hamleys-smiths-and-argos-sell-slimes-containing-chemicals-up-to-four-times-higher-than-eu-safety-limit/>

⁸ EU SafetyGate Database

⁹ Toy Industries of Europe (2020): Executive Summary Report, <https://www.toyindustries.eu/wp-content/uploads/2020/06/Executive-Summary-Online-Marketplaces-6-1.pdf>

products did not comply with EU product safety rules and that none of the traders of those products complied with EU consumer rights.¹⁰

This multitude of pieces of research is underpinned by an increasing amount of consumer complaints also to German consumer advice centres. While it is frequent that consumer rights are not respected when consumers buy from traders established outside of the EU,¹¹ consumers also increasingly complain about unsafe products that were shipped to them directly from China or via European fulfillment centres in the EU.



HOW TO ENHANCE THE SAFETY OF CHINESE IMPORTS TO THE EU?

Whilst an internal EU report calls for “further, robust”¹² measures to deal with new challenges posed by China in economic and external relations, product safety most often is not part of this equation, though the safety of products affects tens of thousands of Europeans directly every day. The European Commission and EU Member States must act now in order to actively tackle the problem of unsafe products pouring into the European Single Market from China.

¹⁰ Danish Chamber of Commerce (2020): <https://www.danskerhverv.dk/politik-og-analyser/e-handel/study-of-unsafe-and-dangerous-products-on-platforms/>

¹¹ vzbv/BEUC (2017): Study on global online-shopping, <https://www.vzbv.de/pressemitteilungen/studie-grosse-huerden-beim-globalen-online-shopping>

¹² <https://www.politico.eu/article/eu-china-biden-economy-climate-europe/>

This involves a multitude of approaches:

- ❖ Acknowledge the problem of product safety as being part of the overarching China strategy of the EU in external and trade policies and include the issue in formal and diplomatic exchanges.
- ❖ Establish a regular and close regulatory cooperation with Chinese authorities in order to achieve compliance with EU product safety rules.
- ❖ Update the EU customs code to better enable customs authorities to screen and black-list direct imports from China with lacking or flawed declarations.
- ❖ Introduce due diligence rules on online marketplaces via the Digital Services Act and define online marketplaces as economic operators in the upcoming revision of the Product Safety Directive.

Ultimately, this is not a problem the EU can solve unilaterally. The EU should rather team up with the United States on this issue as they are experiencing the very same set of challenges on unsafe products coming from China into the US market.¹³ Both markets could therefore jointly exert pressure to induce change to the benefit of their consumers.

- ❖ The renewed transatlantic agenda on China should also tackle the issue of product safety.
- ❖ The trilateral EU-US-China dialogue on product safety should be re-established and intensified to exert pressure on Chinese authorities and customs.

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¹³ Consumer Reports (2020): Testimony to the U.S. House Committee on Energy and Commerce Subcommittee on Consumer Protection and Commerce, [advocacy.consumerreports.org/research/testimony-of-david-friedman-vice-president-advocacy-consumer-reports-for-u-s-house-hearing-on-fake-and-unsafe-products-on-online-market-places](https://www.consumerreports.org/research/testimony-of-david-friedman-vice-president-advocacy-consumer-reports-for-u-s-house-hearing-on-fake-and-unsafe-products-on-online-market-places).