

# Competitive advantage of Asian e-commerce

## Test purchases from the Temu.com marketplace

# EU product legislation and the competitive advantage of Asian e-commerce

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# Background: Competitive advantage of non-EU e-commerce

Non-EU online stores gain an unfair competitive advantage over Finnish shops when they are not subject to the same regulations and administrative and other costs resulting from regulations:

1. Customs duty
  - There is no customs duty on individual purchases delivered from outside the EU that cost less than 150 euros. When a Finnish shop orders similar products for sale, it pays customs duties. The removal of the duty-free limit is included in the Commission's proposal to reform the Customs Code
2. Postage costs
  - While the Universal Postal Union (UPU), an international postal organisation, decided to reform the payment system in 2019 to make it less advantageous for China under pressure from the Trump administration, the transport costs from many non-EU countries continue to favour non-EU e-commerce.
3. Consumer protection
  - In practice, online stores and marketplaces operating outside the EU do not need to take European consumer protection into account. The EU's consumer authorities also cannot provide assistance when problems occur.
4. Producer responsibility in waste regulation
  - Non-EU online stores and marketplaces do not bear producer responsibility in waste regulations. Finnish operators, including commerce, pay the costs.
5. Product safety legislation.

# EU product legislation and responsibility for product safety

- Under the recent EU Product Safety Regulation, economic operators may not place on the market products that are not safe. The products must not cause any danger to life or health.
  - The legislation defines the responsibilities of the manufacturer, importer and distributor and, to a lesser degree, the operator of the online marketplace and the forwarding service provider in ensuring that the product conforms to the requirements.
- In addition to general legislation, the EU has set various requirements for products to ensure safety, health, environmental protection and consumer protection. Products placed on the EU market must comply with applicable legislation.
  - The conformity of products is set out in detail in several product group-specific regulations and directives that have been implemented nationally. The regulations and directives are supplemented and specified by European harmonised standards.
- The supervisory authorities in Finland, including Customs and the Finnish Safety and Chemicals Agency (Tukes), are practically powerless in the face of B2C e-commerce outside the EU. Legislation and authorities cannot always reach or even identify the party responsible for cross-border e-commerce to which requirements or coercive measures could be directed.

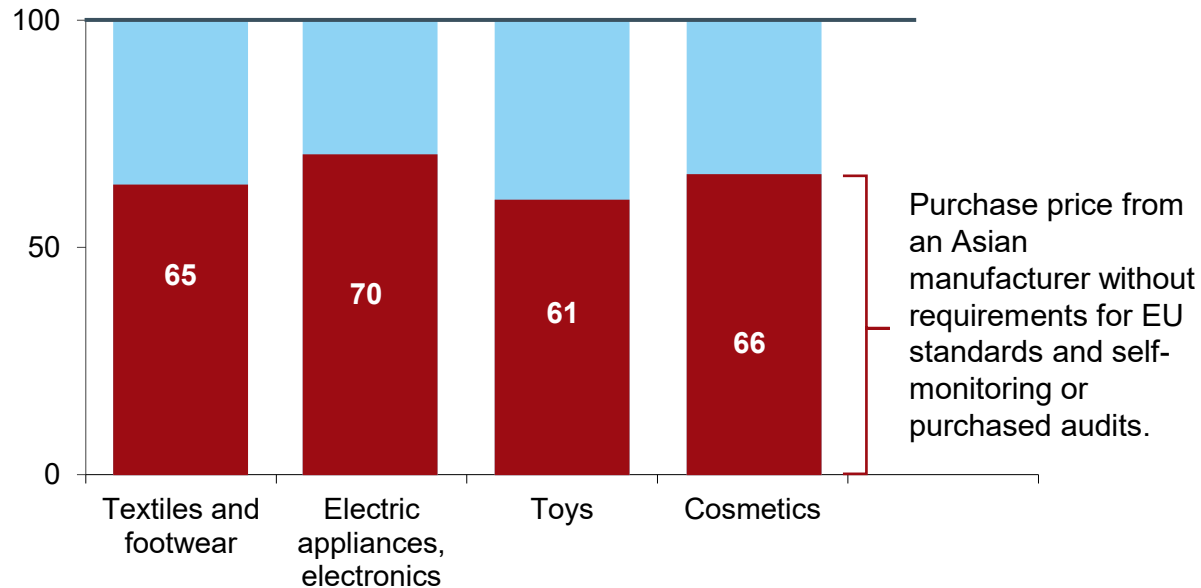
# Does product safety monitoring result in a cost advantage for Asian e-commerce?



- Member companies of the Finnish Commerce Federation that procure products from Asia were asked for estimates in May 2024
  - How much less, in per cent, would the purchase price of a product manufactured in China or elsewhere in Asia be for the company if it would not require or monitor the fulfilment of various requirements related to materials, manufacturing and other product safety.
  - All companies participating in the survey carry out self-monitoring of products or purchase external audits.
- The results of the survey show the difference in purchase price when the company monitors compliance with EU safety and quality standards.

# The cost advantage is significant without monitoring safety and quality standards

Average purchase price of a similar product from an Asian manufacturer compared to the purchase price paid by a Finnish company



Purchase price of a product that meets EU standards for Finnish retail trade, when the costs include the company's self-monitoring and externally purchased audits

# Test purchases from the Temu.com marketplace

Jaana Kurjenoja

# Test purchases from the Temu.com marketplace

- In May 2024, products from different product groups were purchased from Temu's marketplace:
  - Home appliances and kitchenware
  - Toys
  - Cosmetics
  - Clothing
  - Purchases from the marketplace also included footwear, whose test results had not been completed by 17 September 2024.
- In addition, an insect repellent belonging to the biocides group was ordered from the Fruugo.fi platform.
- The quality and safety of the products were examined through expert assessments and by testing the products in laboratories. In addition, the conformity of product and package labelling, product information labels, instructions for use, etc. with EU directives and national legislation was assessed.
  - The laboratories used are Measurelabs Oy, Intertek and Labtech Brno





# Home appliances and kitchenware

# Silicone cake mould

Manufacturer: YongKang TaiQi Industry and trade, China

Material: silicone

Price: €3.49

Legislation and requirements: Framework regulation on food contact materials, Finnish national decree on heavy metals, German national authority's recommendations for silicone

Test laboratory: Intertek Hong Kong

Tests performed: Volatile organic compounds (VOC)

Test results: result exceeded concentration limit, does not meet requirements

Observations on the product's characteristics, quality and suitability for use:

Suitable for baking in an oven up to +230°C. Can be frozen. The material emits some odour. The material is fairly thin and limp, but likely works for its intended purpose.

Labelling: The product is embossed with instruction symbols for its min. and max. temperatures, other symbols are difficult to read and distinguish. Care instructions missing. Does not meet requirements.

Summary: **DOES NOT MEET REQUIREMENTS**



# Silicone baking mould

Manufacturer: GDYorkitchen, China

Material: silicone

Price: €10.99/2 PCS

Legislation and requirements: Framework regulation on food contact materials, Finnish national decree on heavy metals, German national authority's recommendations for silicone

Test laboratory: Intertek Hong Kong

Tests performed: volatile organic compounds

Test results: result exceeded concentration limit, does not meet requirements

Product's characteristics, quality and suitability for use: The product has a mild smell and a sticky interior.

Labelling: Product markings show min.–max. temperatures and food safe symbol, as well as a couple of instruction symbols. Manufacturer's information on outer packaging. Batch number and EU responsible party missing. Does not meet requirements.

Summary: **DOES NOT MEET REQUIREMENTS**



# Silicone brush

Manufacturer:

*When purchasing:* Dongguan shitian haibaling jiuling chuangye touzi Co., Ltd.

*On the packaging:* Yangjiang Haocheng Industry and Trade Co. Ltd.

Material: silicone

Price: €2.47

Legislation and requirements: Framework regulation on food contact materials, Finnish national decree on heavy metals, German national authority's recommendations for silicone

Test laboratory: Intertek Hong Kong

Tests performed: volatile organic compounds (VOC)

Test results: result exceeded concentration limit, does not meet requirements

Product's characteristics, quality and suitability for use:

Suitable for intended purpose. The material emits some odour.

Labelling: CE and spoon-and-fork marking on the packaging (the CE marking must not be added to this kind of contact material). Care instructions missing. Does not meet requirements.

Summary: **DOES NOT MEET REQUIREMENTS**



# Kettle, steel

Manufacturer: Lianjiang Jishui Longqi Electrical Appliance Factory (on type plate), China

Price: €24.39

Legislation and requirements: Framework regulation on food contact materials, Finnish national decree on heavy metals, electronic device legislation (LVD, EMC, ROHS, ERP)

Test laboratory: Intertek Hong Kong and Labtech

Tests performed: heavy metals in kettle interior/Labtech, phthalates (ROHS) in kettle cable/Intertek

Test results: for heavy metals, the kettle meets the requirements; for phthalates, the result does not meet the requirement

Product's characteristics, quality and suitability for use: The product is dirty when it is removed from the packaging.

Labelling: There is absolutely no Finnish in the manual, on the type plate or on the packaging. There is a Swedish manual. No traceability information. EU responsible party unclear (different responsible parties given on the website and on the packaging). Does not meet requirements.

Summary: **DOES NOT MEET REQUIREMENTS**



# Toys



# Cow soft toy, with suction cup

Manufacturer: Shenzhen Chuangtuo Tongda Technology Co., Ltd, China

Price: €6.46

Legislation and requirements: Product safety legislation, Reach 1907/2016, Toy Directive, 71 standard set for toys.

Observations on the product's characteristics, quality and suitability for use: The eyes of the toy are poorly attached, the suction cup on the toy is also poorly attached. **Age recommendation 3+, which is not possible for soft toys** (soft toys are generally interpreted as toys for young children, misleading labelling).

Test laboratory: Intertek Hong Kong

Tests performed: EN 71-3, phthalates and cadmium for suction cup

Test results: EN 71-3 ok, phthalates well above limit value, does not meet requirements.

Labelling: English-language labelling on the packaging bag, no Finnish or Swedish labelling. No cleaning instructions, which is a requirement for young children's toys. Does not meet requirements.

Summary: **DOES NOT MEET REQUIREMENTS**



# Rubber ducks, 6 pcs set

Manufacturer: Ganzhou Gianli Trade co., Ltd, China

Material: not known

Price: €2.96

Legislation and requirements: Product safety legislation, Reach 1907/2016, Toy Directive, 71 standard set for toys

Test laboratory: Intertek Hong Kong

Tests performed: Bisphenol A, phthalates

Test results: meets chemical testing requirements

Observations on the product's characteristics, quality and suitability for use: Translucent, plastic looks of low quality.

Labelling: No labelling or care instructions in Finnish or Swedish. **Age recommendation 14+ which is not possible for this type of toy.** Does not meet requirements.

Summary: **DOES NOT MEET REQUIREMENTS**





# Remote-controlled toy car

Manufacturer: Xun Long Toys Factory, China

Price: €15.71

Legislation and requirements: Product safety legislation, Toy Directive, 71 standard set for toys, Radio Equipment Directive (RED)

Test laboratory: Intertek Hong Kong

Tests performed: PAH, phthalates

Test results: meets chemical testing requirements

Observations on the product's characteristics, quality and suitability for use: The product arrived broken, cannot drive and the wheels only spin in the air, not on the floor. In addition, screws were missing.

Labelling: No labelling in Finnish or Swedish. The manual (printed on a sticker label) and the packaging contains absolutely no Finnish or Swedish. The EU Declaration of Conformity (RED) is missing. EU responsible party mentioned. Does not meet requirements.

Summary: **DOES NOT MEET REQUIREMENTS**



# Baby doll with accessories

Manufacturer:

*When ordering:* Shantou shixia oshizi wanju Co., Ltd.

*On the packaging:* Wei Tai Toys Factory

Country of manufacture: China

Price: €19.99

Legislation and requirements: Product safety legislation, Toy Directive, 71 standard set for toys

Test laboratory: Intertek Hong Kong

Tests performed: phthalates

Test results: meets the requirements for chemical tests

Observations on the product's characteristics, quality and suitability for use:

Quality ok, slight smell of plastic.

Labelling: Recommended age 3+. Manual, warnings and other markings are missing in Finnish and Swedish. Does not meet requirements.

Summary: **DOES NOT MEET REQUIREMENTS**



# Cosmetics

# Cosmetics bag

Manufacturer: not known

Material: not known

Price: €3.17

Legislation and requirements: Product safety legislation, Reach 1907/2016

Test laboratory: Intertek Hong Kong

Tests performed: Phthalates, nickel, cadmium

Test results: DEHP phthalate was found in the product material, far exceeding the limit value; test results for nickel and cadmium met the requirements

Labelling: Product labelling in English only on the packaging bag. Does not meet requirements.

Summary: **DOES NOT MEET REQUIREMENTS**



# Yocosmoo foaming face wash with rose water 150ml

Manufacturer: Guangzhou Shuxue Health Technology Co., Ltd, China

Price: €5.59

Legislation and requirements: Regulation on Cosmetic Products

Test laboratory: Measurelabs

Tests performed: Total bacteria, mould and yeast

Test results: meets hygiene requirements

Observations on the product's characteristics, quality and suitability for use:

No perfumes are listed in the ingredients, but the product has a clear scent that likely comes from the rose extracts, no dyes. Good, plentiful and fairly soft foam, the bottle is easy to use.

Labelling: Labelling only in English on the packaging bag, PAO (period after opening) is missing from the product itself, which is a requirement of the regulation. Warnings and instructions for use (EN, DE, FR) on the product, which should be in Finnish and Swedish. Several contact details for the EU area, the responsible party cannot be identified. Does not meet requirements.

Summary: **DOES NOT MEET REQUIREMENTS**



# Clothing

# Colourful hoodie with 3D print for children

Website image of the product



Picture of the delivered product



# Colourful hoodie with 3D print for children

Manufacturer: Anime Boys, China

Material: 100% polyester

Price: €8.63

Legislation and requirements: Product safety legislation, Reach 1907/2016, Regulation on Textile Fibres 1007/2011, SFS EN 14682 Safety of children's clothing

Observations on the product's characteristics, quality and suitability for use:

- Poor workmanship, bits of strings, missing finishing, fabric edge visible below hood, no neckline tape or lining in the hood
- The product differs from the sales image; the image suggested the product was wonderfully thick, but it was revealed to be loose, thin tricot
- Poor print quality, white spots in the print, errors in pattern alignment

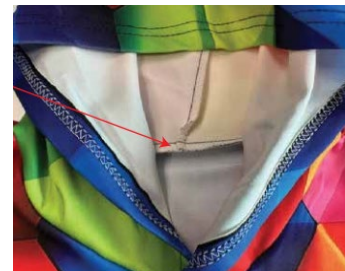
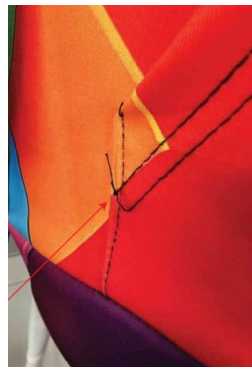
Test laboratory: Intertek Hong Kong

Tests performed: water wash resistance of dyes, abrasion resistance of dyes, lightfastness of dye, pilling, azo dyes, anilines in dyes, prohibited dyes, disperse dyes, quinoline

Test results: Results meet requirements

Labelling: Does not meet legislation requirements

Summary: **DOES NOT MEET REQUIREMENTS**





# Children's hoodie, size 130

Manufacturer: KK children clothing, China

Material: 100% polyester

Price: €7.23

Legislation and requirements: Product safety legislation, Reach 1907/2016, Regulation on Textile Fibres 1007/2011, SFS EN 14682 Safety of children's clothing

Test laboratory: Intertek Hong Kong

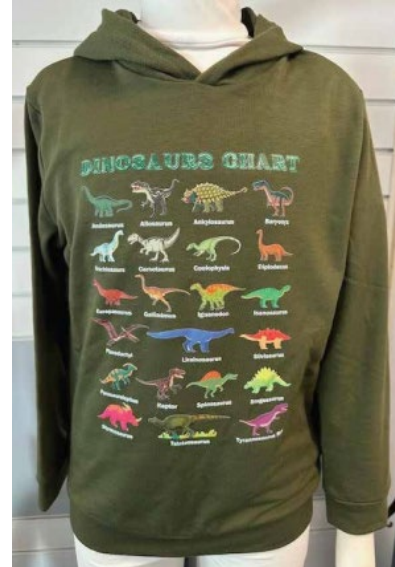
Tests performed: water wash resistance of dyes, abrasion resistance of dyes, lightfastness of dye, pilling, azo dyes, anilines in dyes, prohibited dyes, disperse dyes, quinoline

Test results: meets the requirements for chemicals, colour lightfastness is average-level, material pilled in the test

Labelling: Does not meet legislation requirements

Sizing: corresponds to Finnish sizing

Summary: **DOES NOT MEET REQUIREMENTS**



# Women's trousers, black, size 38

**Manufacturer:** not known, China

**Material:** 95% polyester, 5% elastane. Thin, translucent.

**Price:** €5.67

**Legislation and requirements:** Product safety legislation, Reach 1907/2016, Regulation on Textile Fibres 1007/2011

**Test laboratory:** Intertek Hong Kong

**Tests performed:** measurement changes, water wash resistance of dyes, pilling, abrasion resistance of dyes, lightfastness of dyes, amines and aniline in dyes, prohibited dyes, disperse dyes, quinoline

**Test results:** meets the requirements for chemicals, colour lightfastness is average-level

**Labelling:** Does not meet legislation requirements

**Sizing:** smaller compared to Finnish sizing

**Summary:** **DOES NOT MEET REQUIREMENTS**



# Men's T-shirt, XL

Manufacturer: Guangzhouyeni fushi Co., Ltd., China

Material: 100% polyester

Price: €6.50

Legislation and requirements: Product safety legislation, Reach 1907/2016, Regulation on Textile Fibres 1007/2011

Test laboratory: Intertek Hong Kong

Tests performed: measurement changes, water wash resistance of dyes, pilling, abrasion resistance of dyes, lightfastness of dyes, amines and aniline in dyes, prohibited dyes, disperse dyes, quinoline

Test results: meets the requirements for chemicals, colour lightfastness result is average-level

Labelling: Does not meet legislation requirements

Sizing: somewhat smaller than Finnish sizing

Summary: **DOES NOT MEET REQUIREMENTS**





# Biocides: Thermacell from fruugo.fi marketplace

# Mosquito repellent mats – ordered from Fruugo.fi

Manufacturer: Dongguanyingyuekejijouxiangongsi, China

Country of manufacture: not stated on the Fruugo.fi website or on the packaging

Price: €20.95/120 pcs, Note! On the marketplace's website, the product was sold under the name Thermacell mosquito repellent mats

Legislation and requirements: Regulation on biocides. Biocidal products sold and used in Finland require the prior approval of the authorities, i.e. a permit from Tukes.

Observations on the product's characteristics, quality and suitability for use: The product was ordered from the fruugo.fi marketplace, but delivered from the Far East. On Fruugo's website, there was an image of the Thermacell packaging and the product name was Thermacell, but it is not a Thermacell product. The repellent mat is smaller (35x22x2 mm) than the genuine Thermacell product (48x34x2 mm). The product does not have a sales permit in Finland, so ordering it in Finland and using it in Finland is prohibited. Customs clearance of the product is not possible as a private person using the correct commodity code for the product. This purchase was imported for investigation through corporate customs clearance, for testing purposes. The remaining samples from the tests were destroyed by the testing laboratory.

Test laboratory: MEASURELABS/EkotechLAB

Tests performed: biocidal active substances and their concentration

Test results: Of the 51 biocidal active substances tested, almost none were found in the product. Concentration of prallethrin <0.01% (w/w), allethrin <0.01% (w/w).

Labelling: The product was delivered in a bubble wrap bag without any accompanying note, package labels or instructions for use. The active substance is not mentioned anywhere. The labelling does not meet the requirements.

Summary: **DOES NOT MEET REQUIREMENTS**





# Kiitos!

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