

Competitive advantage of Asian e-commerce

Test purchases from the Temu.com marketplace

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

Ilari Kallio and Jaana Kurjenoja

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.

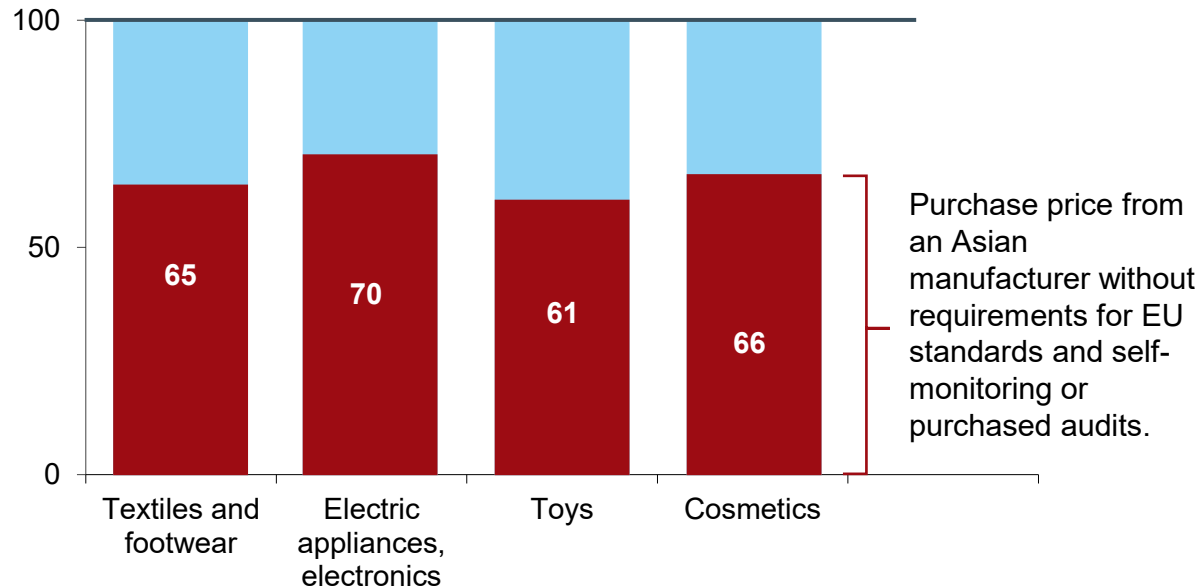
Does product safety monitoring result in a cost advantage for Asian e-commerce?



- 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

Toys



Cosmetics

Clothing



Biocides: Thermacell from fruugo.fi marketplace



Kiitos!

**Kaupan liitto
Eteläranta 10
00131 Helsinki**

kauppa@kauppa.fi

 [@kauppafi](https://twitter.com/kauppafi) / [kauppa.fi](https://www.kauppa.fi)