

New EU Regulations Send Shock Waves Through E-commerce, Retail and Trade



The European Union Council has just approved new regulations on market surveillance and EU-wide acceptance of products that will forever change the way economic operators who are involved in placing non-food products into the hands of EU consumers run their business.



Compliance evidence should be collected from your suppliers.

Mutual recognition

The European Union is about the free flow of goods, services and people in Europe. The practice however, is different: many local deviations to European legislation hinder the sales of consumer products in multiple countries.

Imagine that you can freely trade a product in the whole European Union, once it had been legally traded in one of the member states, only by adding a 'Mutual Recognition Declaration'.

That is exactly what the new Regulation (EU) 2019/515 'Mutual recognition of goods lawfully marketed in another Member State' is all about!

Does this mean that national deviations are no longer possible? No, they may remain in several cases, but they cannot hinder the flow of goods. Even if governments are solving the dispute between you and the local authority, you can still sell your goods. And any decision in such dispute must be the 'least restrictive decision possible'.

Market surveillance and compliance of consumer products

The European Union aims to protect the consumer from products that are unsafe and harmful to their health, or have a negative impact on the environment. The practice is not as good as you would expect.

Tukes tested products from cheap online shops: nearly all of the toys, child care supplies and electrical appliances were dangerous

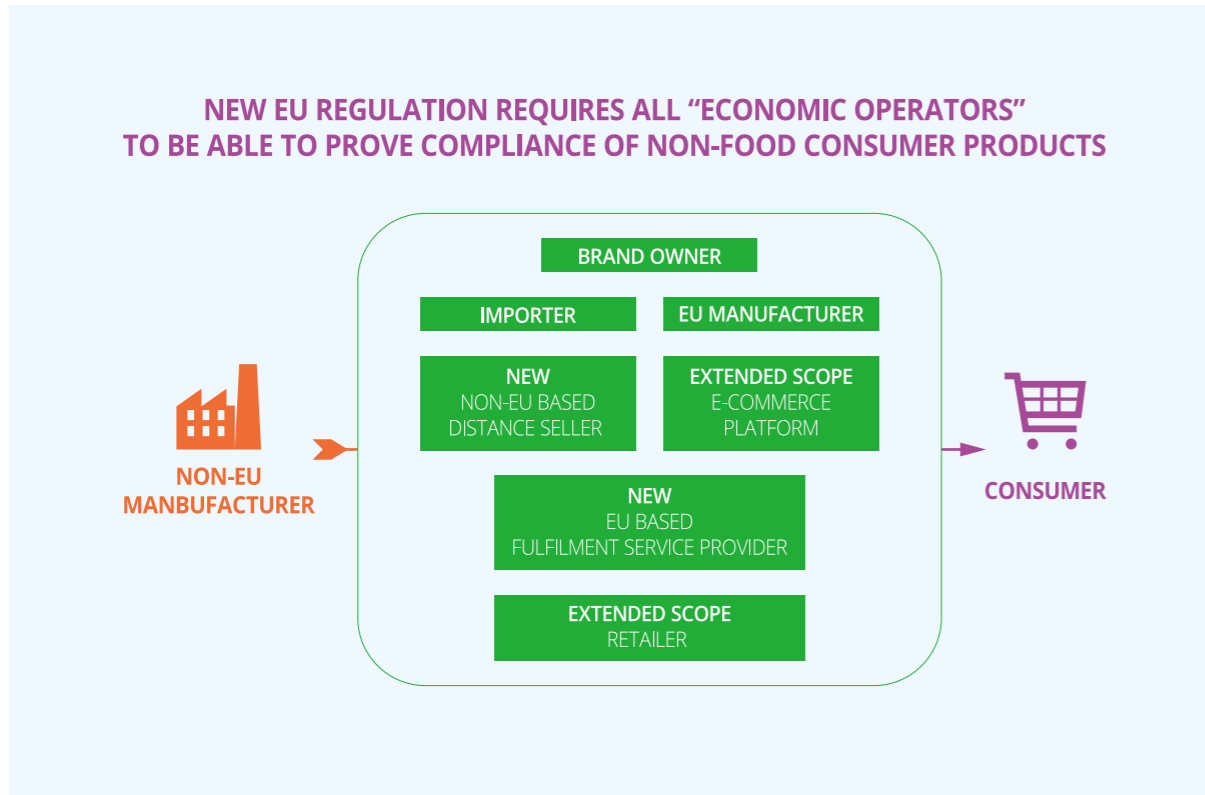
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Because consumers have been shopping at online shops outside the EU increasingly often in the past few years, the Finnish Safety and Chemicals Agency (Tukes) decided to test the safety of products sold in these shops that are popular among Finnish consumers. The results were alarming: only one item among the 32 toys, child care supplies, jewellery and electrical appliances purchased by Tukes fulfilled European requirements. If the products were sold in Finland, the shops would be obliged to collect them from the consumers. As for the cosmetics ordered, six products out of ten did not have the list of ingredients required in Europe.

Source: Tukes, the Finnish Market Surveillance Authority

Non-compliant products also have negative effect on fair competition between businesses (1.2 million involved in manufacturing, 4 million involved in distribution) in the European market. 75% of notifications on non-compliant products concern imported products. Market surveillance by authorities is widely considered to be insufficient.

The new 'Regulation on Market Surveillance and Compliance of Products' provides answers to these concerns, including:

- ◆ Strengthening market surveillance, intensifying compliance controls
- ◆ Providing economic operators with clear, transparent and comprehensive rules
- ◆ Closer cross-border cooperation including with customs authorities
- ◆ Extend responsibilities from importers, manufacturers, brand-owners and retailers to fulfilment service providers



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and non-EU distance sellers that ship directly from e.g. China to the European consumer

As a result, companies like Amazon, eBay, AliExpress, Wish and many others, as well as the companies and individuals trading on these platforms, are directly affected. In the new level playing field, all players have an obligation to prove product compliance. The regulation increases the responsibilities for retailers and e-commerce platforms to the level of importer and brand-owner.

Imagine what will happen when market surveillance authorities can charge you with all the cost they have in case of a non-compliance!

Do you know what compliance evidence should be collected from your supplier?

Do you have an efficient way to collect, review, organize and share compliance evidence?

And for logistics companies: how can you prepare your customers to prevent unpleasant disruptions in logistics due to non-compliance at customs?

The new market surveillance regulation (EU) 2019/1020 was already approved on 20th June 2019 and will come into force in June 2021.

This looks far away. However, looking at what businesses need to implement to be compliant by 2021, one year is actually quite short. And online platforms are expected to start imposing the new rules significantly earlier to make sure they comply.

Large Ecommerce sales and fulfillment platforms including Alibaba, Amazon, eBay, Rakuten, Allegro and Cdiscount have signed the Product Safety Pledge, a commitment of online marketplaces with respect to the safety of non-food consumer products sold online by third party sellers. The Product Safety Pledge obliges these platforms to actively monitor and police the products traded on their platforms. New rules

are in the process of being implemented to ban non-compliant products or traders from their platforms.

These are some of their main responsibilities:

- ◆ verify that the EU Declaration of Conformity (CE DoC) or any other relevant declaration has been drawn up

- ◆ ensure that technical documentation has been drawn up

- ◆ ensure that all the technical documentation (technical file) is available for 10 years

- ◆ cooperate with market surveillance authorities

If you are active in the supply chain, this is your new reality!



Contact ProductIP

