

POSITION PAPER

# Market Surveillance

SEPTEMBER 2025

EURATEX, as the voice of textiles and apparel manufacturers in Europe, supports free and fair trade, as well as fair competition within the European Single Market. With over 200,000 companies and 1.3 million workers, we represent a significant employer and an integral part of the European industrial ecosystem, rooted in high standards of quality, safety, and sustainability.

The European textiles and clothing sector is highly globalised, with annual exports exceeding €60 Billion and imports well over €100 Billion. 38% of the industry's turnover is sold on world markets, with SMEs covering more than half of those sales. On that basis, EURATEX maintains its support for open EU and extra-EU markets, based on free and fair competition.

The flood of low-cost goods facilitated by online platforms, paired with high compliance-check costs and an insufficient market surveillance system, are eroding the competitiveness of the European textile and apparel sector. Some platforms facilitate the mass entry of low-cost goods that often ignore essential EU requirements related to consumer safety, compliance, intellectual property rights, and environmental responsibility.

This regulatory evasion weakens the competitiveness of businesses that invest in compliance, innovation, and sustainability. It endangers consumers, undermines the effectiveness of European legislation, and deprives Member States of legitimate tax revenues. Although our companies face considerable competitive pressure, we maintain our support for free and fair trade and recognize the importance of fluid and efficient trade flows for our sector. Where necessary and appropriate, trade defence measures can be applied to ensure fair competition. It remains essential that equal fiscal and compliance requirements are enforced for all products, regardless of their origin.

### **The Scale of the Problem - Next-Day Delivery, Last-Century Oversight**

The volume of low-value goods entering the EU via e-commerce platforms is growing at an alarming rate. In 2024, more than 4.6 billion parcels under €150 were imported into the EU—up from 2.4 billion in 2023—with 91% of these shipments originating from China [1]. These parcels, largely channelled through fast-growing online platforms such as Temu and Shein, platforms which have already been identified by the European Commission as non-compliant with EU law and which use loopholes in customs, tax, and product safety regimes to disrupt fair competition in Europe.

[1] European Commission, A Comprehensive EU Toolbox for Safe and Sustainable E-Commerce, COM (2025) 37 final, p. 2–3.

In recent years, online marketplaces have witnessed remarkable growth, especially in the textile and apparel sector. Online shopping has become a fundamental aspect of consumer purchasing behaviour, as 70% of Europeans regularly buy products online, with clothes and shoes being the most popular online purchases in the EU [2].

Confronted with this dramatic increase in imports, the capacity of customs and market surveillance authorities has not only stagnated, but it is projected to worsen significantly. National authorities are overwhelmed with existing legal requirements and huge volumes of products, resulting in checks for chemical safety and labelling requirements being virtually non-existent [3].

Inadequate checks, combined with a lack of mandatory responsibilities for online platforms, result in non-compliant products—which put the health of consumers at risk through chemically unsafe clothing, or which undermine our designers' and companies' unique creativity via counterfeit textiles and apparel, and betray our consumers trust through falsely labelled items—circulating freely in the Single Market. Following the results of the REACH4Textiles project, 16% of the over 150 textile articles checked were not compliant with REACH – a highly concerning figure.

In the near future, a whole new set of legal requirements will be introduced, both at product level with Ecodesign performance, DPP information, green claims, EPR Eco-modulation fees, and chemicals, and at company level with due diligence. This will further exacerbate the already inadequate market surveillance capacity of Member States.

No silver bullet exists which can rectify the situation. Instead, multiple coordinated policy changes must be taken at both EU and Member State level, touching on diverse competences and policies.

This position paper highlights the essential steps that must be undertaken by the European Union and the Member States to ensure that effective market surveillance levels the playing field for the European textile and clothing sector.

## **1. Fast-track the removal of the €150 De Minimis threshold**

The existing customs duty exemption for goods valued at no more than €150 distorts competition by giving a tax advantage to non-EU sellers, undermining traceability and

[2] Eurobarometer data for 2023, accessible at E-commerce statistics for individuals - Statistics Explained

[3] While some 23 billion pieces of clothing are imported annually in Europe, less than 10,000 can be estimated to be inspected by national authorities, equal to 0.00003% of imported goods. source: EURATEX, REACH4Textiles.

enforcement efforts, and facilitating customs and VAT fraud, leading to billions of lost tax revenues for Member States [4]. The proposed removal of this threshold as part of the Customs Code reform must be detached from the package, brought forward, and implemented as soon as possible. An accelerated timeline is crucial for the European textile sector as well as for the safety of our customers.

The “de minimis” rule has become an important factor of unfair competition over the last 20 years. This change would not only ensure market fairness for EU-based businesses but also increase the availability of import data, enabling better risk analysis and targeted controls.

**EURATEX once again calls on the EU Commission and the co-legislators to undertake all the necessary initiative to phase out the de minimis exemption NOW, rather than waiting until March 2028.**

## **2. Close regulatory gaps in existing legislation**

The EU has a sophisticated legal framework governing product safety, environmental standards, consumer protection, and customs procedures. However, member States have divergent enforcement capabilities and uneven implementation of rules such as the Market Surveillance Regulation (EU) 2019/1020, the General Product Safety Regulation (GPSR), and their interplay with other union harmonisation legislation. For example, the lack of legal clarity regarding the applicability of Articles 9-18 of the GPSR to the Textile Labelling Regulation generates significant uncertainty for apparel companies. It is still unclear if they must draft technical files for their products, have a designated economic operator, or what contact information they must display on labels. We call on the Commission to clarify these issues in haste, or risk further fragmentation in the Single Market due to diverging interpretations at the hands of national authorities. The European Commission should clarify this in the respective FAQ as EURATEX has called on already at the end of the year 2024.

Online marketplaces are currently not fully recognised as “economic operators” under EU law. They are not held accountable when goods sold via their platforms breach EU rules, unless they act as the direct seller. As a result, the burden of compliance often falls on consumers or is evaded altogether. EURATEX is not alone in calling for accountability: in cooperation with a wide array of industry associations and NGOs, we have already cosigned a joint statement supporting this necessary change [5].

[4] ECA Special report 08/2025: Value Added Tax fraud on imports, 24/03/2025

[5] Joint Statement – European stakeholders united for a level playing field for online marketplaces and effective enforcement, available at: <https://euratex.eu/news/joint-statement-european-stakeholders-united-for-a-level-playing-field-for-online-marketplaces-and-effective-enforcement/>.

To align responsibilities with market realities and ensure that platforms are held accountable for the products they place on the EU Market, online marketplaces must be recognised as economic operators. Furthermore, a legal requirement specifying that there must always be an economic operator in the EU that is responsible for the compliance of products (incl. packaging) that are sold on the Single Market must be introduced.

Without this change, it is impossible for consumers to take legal action against harmful products – currently, the ‘responsible person’ they must designate in the EU cannot act as legal representative, and without legal consequences, there is no incentive for platforms to screen their products. Such a move would incentivize platforms to implement robust due diligence mechanisms and seller verification systems, thereby preventing the listing of non-compliant goods before they reach EU consumers.

**EURATEX calls on the EU Commission to recognise e-commerce platforms as economic operators, ensuring that violations of EU legislation are backed by the full force of law.**

### **3. Effective customs through the Union Customs Code reform**

The proposed Union Customs Code (UCC) reform marks a critical step toward a more modern, coordinated, and resilient EU customs system. EURATEX supports this reform to restore effective controls at the border, especially considering the explosion of e-commerce volumes. Over 97% of all customs declarations now stem from online imports, volumes that national authorities are ill-equipped to manage under current rules [6]. EURATEX and its members have already stated their position on the UCC reform in a detailed position paper, however, the recent proposals by the Commission and current events call for us to restate our priorities on this file [7].

To ensure that the UCC reform is fit for purpose, EURATEX emphasizes several core priorities:

- **Harmonised implementation:** Customs enforcement must be uniformly applied across all Member States. Disparities in risk evaluation, inspection practices, and data systems undermine the integrity of the Single Market. The creation of a centralized EU Customs Authority (EUCA) and Customs Data Hub is a promising innovation. These structures should allow for cross-border coordination, real-time risk screening, and integration with market surveillance and sustainability databases.
- **Protection of sensitive business data:** While supporting digital integration, EURATEX urges strict safeguards to ensure that sensitive commercial information entered in the Customs Data Hub remains protected from misuse or breaches.

[6] European Commission, *A Comprehensive EU Toolbox for Safe and Sustainable E-Commerce*, COM (2025) 37 final, p. 2–3.

[7] EURATEX, Position Paper on the Revision of the Union Customs Code, available at: [https://euratex.eu/wp-content/uploads/UCC-position-paper\\_FINAL\\_03.07.2024.pdf](https://euratex.eu/wp-content/uploads/UCC-position-paper_FINAL_03.07.2024.pdf).

- **Support for SMEs:** The reform must be accessible to all economic operators, including SMEs, many of which lack the internal capacity to navigate complex new customs procedures. EURATEX advocates for clear guidelines, tailored assistance, and phased implementation that considers SME realities.
- **Trust & Check Trader (T&CT) Mechanism:** EURATEX supports the principle of creating a new compliance-based status for trusted traders. However, the proposal must be clarified and simplified to avoid excluding genuine EU companies, especially SMEs who make up 99% of the European textile and clothing sector, due to overly complex criteria. The current Authorised Economic Operator (AEO-C) scheme should be maintained in parallel with the T&CT system to ensure continuity and flexibility.
- **Data interoperability:** Seamless communication between customs, sustainability, and market surveillance systems is vital. The Customs Data Hub must be interoperable with the EU Single Window Environment for Customs, the Digital Product Passport (DPP), and databases such as ICSMS and EPREL to enable real-time compliance checks and traceability throughout the product lifecycle.

Ultimately, the Customs Code reform must enhance the capacity of EU customs to detect non-compliance before products enter the market, reduce administrative burdens for compliant businesses, and create a digitally equipped infrastructure capable of managing the future of cross-border trade.

### **E-Commerce Handling Fee**

As part of the European Commission's E-Commerce Communication (February 2025), a flat handling fee of €2 per package was proposed for incoming e-commerce parcels. Although EURATEX appreciates the Commission's goals to increase funding for customs authorities and stem the tide of incoming parcels, this is too little, too late for the challenge of the moment. Delaying the introduction of the handling fee and the UCC reform loses crucial time, under which our industry and consumers will continue to needlessly suffer.

Crucially, 2 Euros per package will not be sufficient to address the real issue: the daily flood of unsafe and non-compliant products reaching EU consumers through online platforms. Such a minimal fee, in sharp contrast with the \$100 fee recently imposed by the US, will not halt the flow of non-compliant products and risks becoming a tax to allow non-compliant products in the EU. €2 should not be the price to put consumers, including young children, at risk.

**EURATEX calls on the Commission to implement an appropriate handling fee to help Customs and Market Surveillance Authorities to deal with the huge amount of incoming parcels every day.**

## **Strengthen Customs and Market Surveillance Cooperation**

Improved cooperation between customs and market surveillance authorities is essential for a holistic enforcement approach. Initiatives like the Priority Control Area (PCA) for textiles and apparel, and the Coordinated Activity on the Safety of Products (CASP), are promising steps. These should be expanded and institutionalised, allowing for real-time data sharing, joint inspections, and cross-border enforcement.

Furthermore, as part of the E-Commerce Communication the Commission wants to strengthen cooperation between a newly implemented EU Customs Authority by 2025 and national market surveillance authorities through common data exchange. EURATEX welcomes this important approach but calls furthermore for establishing an “EU Market Surveillance Authority”. If properly implemented and supported by the Member States, such an authority could effectively streamline market surveillance efforts by ensuring common priorities for market surveillance across Member States, training, joint investments in capacity building including IT and product testing, joint market surveillance, cooperation with accredited testing laboratories and industry stakeholders, as well as public awareness.

It should also support and institutionalise sector-specific Administrative Cooperation (ADCO) groups, where market surveillance at the European level currently takes place. Although an ADCO group for textile labelling currently exists, EURATEX calls for the establishment on a broader textiles and chemicals ADCO group to tackle the market surveillance challenges facing our sector.

Investments must also be made in building the capacity of market surveillance authorities through funding, staffing, and training. Emphasis should be placed on equipping customs with digital risk analysis tools, testing infrastructure, and sector-specific expertise.

At the same time, the EU’s textile and apparel sector relies on strategic partnerships with key suppliers outside the EU that benefit from privileged market access. These relationships—often underpinned by long-standing trade agreements, such as the EU–Türkiye Customs Union—are central to integrated supply chains and mutual economic growth. While robust market surveillance and compliance checks are essential, their enforcement must be calibrated to avoid unnecessarily disrupting these trusted partnerships. Modernising and upgrading such agreements to address current challenges, including e-commerce growth, sustainability requirements, and evolving trade dynamics, will help safeguard competitiveness while reinforcing the spirit of free and fair trade on which the sector depends.

**EURATEX calls on the Commission to institutionalise coordinated market surveillance and joint enforcement—backed by a dedicated EU Market Surveillance Authority.**

## **Transparency and enforcement through circularity legislation**

Sustainability legislation, particularly the Ecodesign for Sustainable Products Regulation (ESPR) and the Digital Product Passport (DPP), can be powerful tools for improving compliance and enforcement. These instruments make it possible to trace product attributes, such as origin, material composition, REACH compliance, and durability throughout the supply chain.

Legislation must ensure the trustworthiness of information included in the DPP, the capacity to verify such information by authorities, as well as the actual interoperability of systems to gather data from the global value chain. For enforcement authorities, this would mean having access to structured, verifiable product data that facilitates rapid compliance checks, especially at the border or in online listings. For businesses, ESPR and DPP create incentives for better design, transparency, and supply chain management.

**EURATEX calls on the EU Commission and the Member States to ensure the urgent approval and implementation of the Union Customs Code Reform.**

## **4.Strengthen Intellectual Property Rights and fight counterfeiting**

The infringement of intellectual property is a systemic problem in online marketplaces, especially within the textile and apparel sector. Counterfeit textiles and garments not only mislead consumers but also cause significant economic damage to EU designers and manufacturers. It is estimated that counterfeiting in the textile and clothing sector resulted in €12 billion in annual losses between 2018-2021, representing 5.2 % of clothing sales in the EU, with SMEs particularly vulnerable to brand erosion and unfair competition [8]. Because of sales lost due to counterfeiting, the clothing industry employed 160 000 fewer people each year in the same period, with Germany and Italy the most affected markets.

Online platforms must be required to implement proactive mechanisms to detect and remove counterfeit listings, including collaborations with rights holders. The Digital Services Act offers a legal basis for enforcing such measures, but enforcement must be consistent and robust.

Counterfeiting and infringement of intellectual property are also leading causes of customs fraud. The European Court of Auditors estimates that Member States lost €89 billion in VAT due to fraud in 2022, a substantial portion of which was linked to imports [9]. Earlier Commission analyses attribute roughly €50 billion per year to cross-border

[8] EUIPO (2024), Economic Impact of Counterfeiting in the Clothing, Cosmetics and Toy Sectors in the EU.

[9] ECA Special report 08/2025: Value Added Tax fraud on imports, 24/03/2025



VAT fraud. These losses reduce the VAT-based own resources, which accounted for €22.5 billion (about 9 %) of the EU budget in 2023. The VAT in the Digital Age (ViDA) package could recover up to €18 billion annually, including €11 billion through anti-fraud measures. Postponing the elimination of the de minimis exemption and the full implementation of ViDA therefore implies forfeiting tens of billions of euros in tax revenue that could otherwise fund industrial transition, reskilling programmes and sustainability initiatives.

Moreover, the Commission should support joint initiatives between enforcement authorities, including customs authorities in a uniform manner across all Member States, and IP holders, ensuring that notices of infringement are processed swiftly and that repeat offenders are permanently removed from platforms.

**EURATEX calls on the EU Commission to robustly enforce the DSA to seriously tackle counterfeit goods circulating in the Single Market.**