EN

European Commission

CASP2021

Coordinated Activities on the Safety of Products

Online market surveillance

Final Report

Justice and Consumers

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List of abbreviations

ABBREVIATION	DESCRIPTION
CASP	Coordinated Activities on the Safety of Products
DG JUST	Directorate-General for Justice and Consumers of the European Commission
EC	European Commission
EEA	European Economic Area
EISMEA	European Innovation Council and SMEs Executive Agency
EO	Economic operator
EU	European Union
HA	Horizontal activity
HelpDoc	Help document
KoM	Kick-off meeting
MS	Member State(s)
MSA	Market surveillance authority
OMS	Online market surveillance
PSA	Product-specific activity

Executive summary

Objectives of the activity

The Coordinated Activities on the Safety of Products (CASP) 2021 projects enable all market surveillance authorities (MSAs) from the European Union (EU)/European Economic Area (EEA) countries to cooperate in reinforcing the safety of products placed on the European Single Market.

The CASP 2021 Online market surveillance (OMS) horizontal activity (HA) focused on carrying forward the work already performed in 2020[1] and developing practical tools and solutions to address additional OMS challenges. Through mini-projects, the MSAs worked on three main challenges: **drop-shipping, cross-border collaboration and how to perform OMS.** The **European Commission's** (EC) eSurveillance tool was extensively used to provide feedback and possible suggestions for improvement.

Outcomes

Guidance document on OMS

A guidance document was developed providing a set of tools and hands-on practical advice for MSAs on how to perform online inspections, adapt OMS enforcement processes to new forms of e-commerce (e.g. drop-shipping) and establish effective cooperation mechanisms between EU and non-EU MSAs.

ESurveillance webcrawler tool workshop

A training workshop was organised to enable MSAs to effectively use the EC's new eSurveillance tool and identify dangerous products sold online. Feedback from MSAs on their experience with the tool and recommendations for improvement were also collected.

High-level process to collect web shops

A process was developed for MSAs to collect web shops to be fed to the EC's eSurveillance tool. The proposed approach will ensure that the most relevant web shops in each Member State (MS) are listed.

Conclusions and recommendations

With the exponential growth rates of e-commerce, the importance of OMS will continuously increase. New challenges are emerging and need to be addressed to ensure the effectiveness of MSA operations and the protection of consumers against dangerous products. The main objective of the CASP 2021 OMS activity was to delve deeper into the three identified challenges and to make OMS an integral part of MSAs' daily work. Future coordinated activities could focus on other OMS related challenges to create additional practical solutions and complement the toolbox developed in previous activities. A set of recommendations based on discussions held throughout the OMS activity was developed.

For consumers

- Keep informed about online shopping dangers - use Safety Gate before purchasing a product.

For economic operators (EOs)

- Ensure high level of product safety - EOs must stay informed about safety requirements of the country/region targeted and/or in which the products are sold;
- Collaborate closely with authorities to ensure timely removal of dangerous products - use the Product Safety Business Alert Gateway[2];
- Facilitate communications with MSAs - provide and share contact details when products are being sold online.

For European and national authorities

- Explore other challenges - disseminate results and deliverables developed during the project and also in other capacity building activities (e.g. e-enforcement academy);
- Use the EC eSurveillance tool - maintain a continuous feedback loop for ongoing improvement;
- Collaborate with customs, the first barrier to unsafe or non-compliant products entering the EU market - maintain and promote ongoing exchange of information;
- Foster long lasting relationships with EOs and also with other players in the online distribution chain- ensure close cooperation to enable a faster response when unsafe products are detected, leading to a better protection for consumers.

[1] OMS guidelines and toolbox

[2] https://webgate.ec.europa.eu/gpsd/screen/public/home

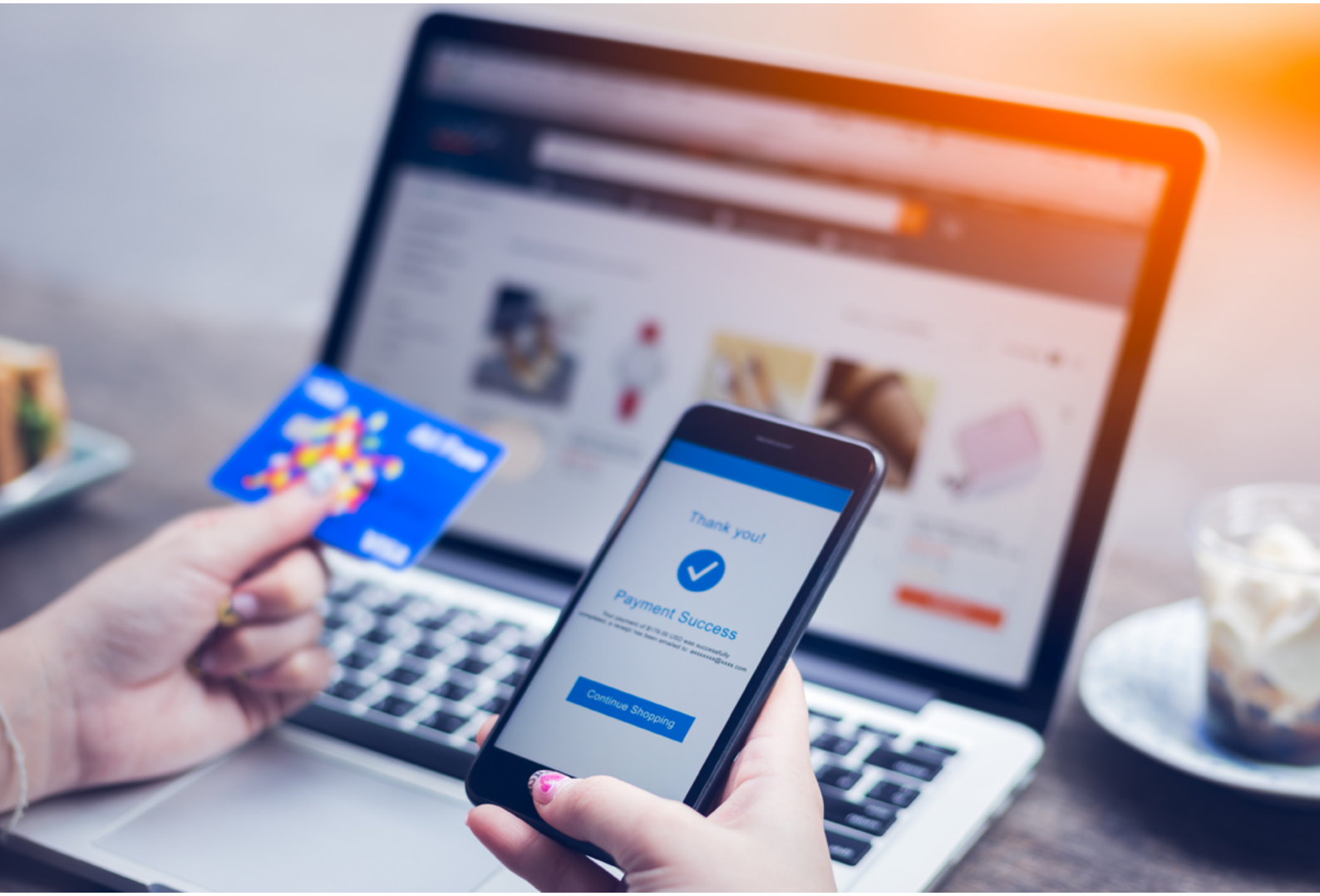
1. OMS activity overview

1.1 Introduction and main objectives

The growth of e-commerce around the world continues to increase exponentially, which was even more speeded up by the profound impact the COVID-19 pandemic has had on e-commerce patterns and consumer habits[3]. When brick-and-mortar establishments closed overnight, consumers raced to the internet to acquire their goods. This significantly accelerated the trend towards online purchasing and it has now created a seemingly unstoppable momentum of its own. This development is further reinforced by the rise in the use of mobile devices, the 'era of data', increased customer engagement possibilities and the low operation costs for e-commerce businesses.
The interplay of all these elements suggests that this trend will continue and OMS will be an essential part of meeting the challenges that arise.

This OMS HA focused on supporting MSAs in increasing the effectiveness of their OMS operations and on making OMS part of their everyday job. The following main goals were achieved:

- Identifying challenges encountered by MSAs and co-developing tools specifically tailored to the drop-shipping phenomenon;
- Jointly developing tools and guidelines with MSAs to tackle their challenges and address specific difficulties regarding cross-border collaboration;
- Developing a high-level process map depicting the MSAs' current OMS journey, a high-level process for collecting web shops and a list of web shops per MS;
- Developing an OMS guidance document that summarises the outcomes of the activity's work and can be used by all EU/EEA MSAs.



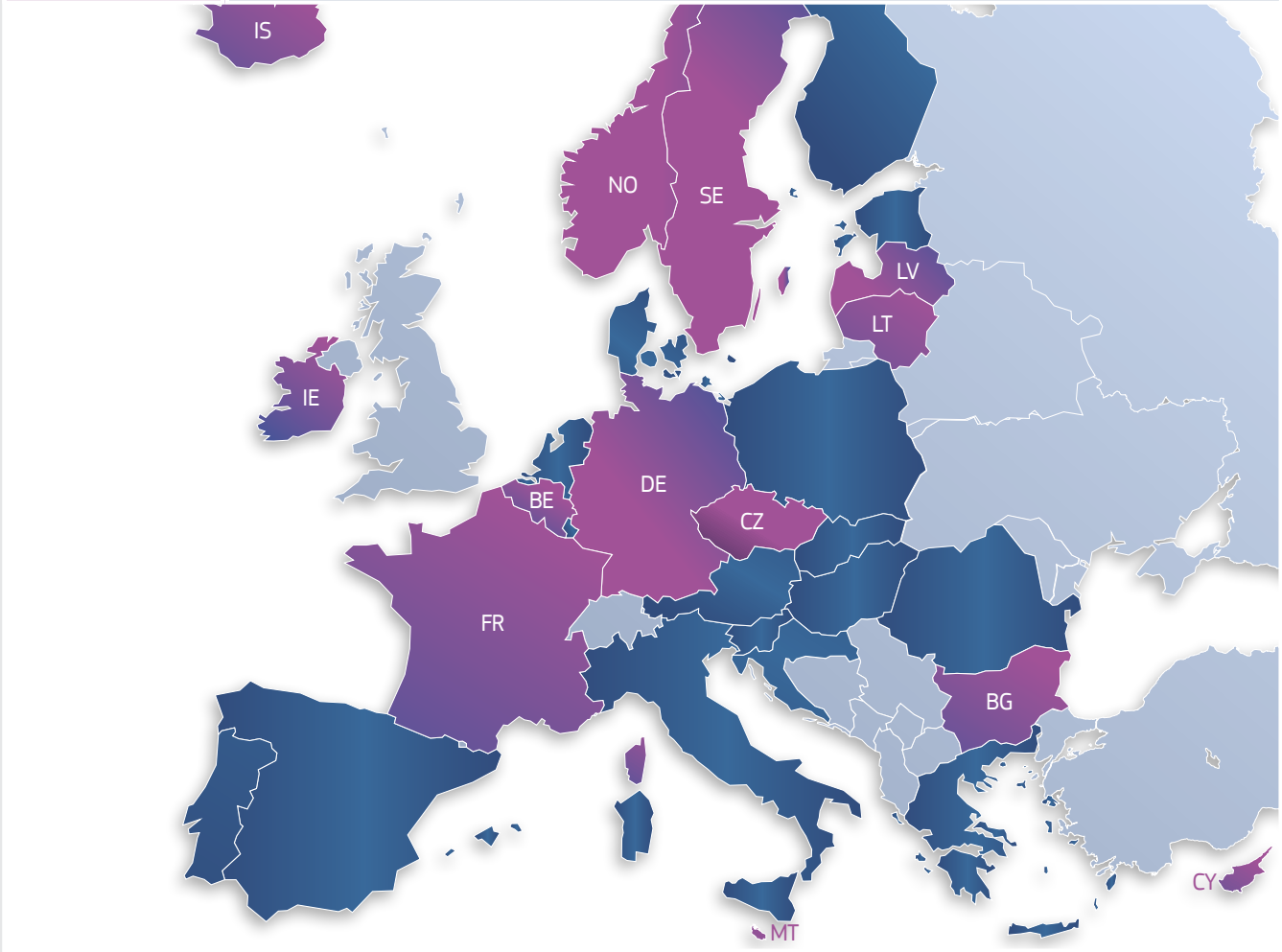
[3] https://ec.europa.eu/eurostat/en/web/products-eurostat-news/-/ddn-20210217-1

1.2 Overview of the participating MSAs

A total of 20 MSAs from 11 MS and 2 EEA countries participated in the OMS HA, as illustrated in the image below.

Table 1 - **Participating MSAs**

COUNTRY	MSA
Belgium	Federal Public Service Economy – Directorate-General for Quality and Safety
	Federal Public Service Health, Food Chain Safety & Environment - Federal Environment Inspectorate
	Federal Public Service Finance- Customs authority
Bulgaria	Commission for Consumer Protection
	State Agency for Metrological and Technical Surveillance
Cyprus	Department of Labour Inspection
Czechia	Czech Trade Inspection Authority
	Ministry of Industry and Trade
France	Directorate-General for Consumer Competition and Fraud Enforcement
Germany	Regional Council Tübingen. Dept.11 // Market Surveillance
	Trade Inspection Office of the State of Bremen
	District Government of Münster
Iceland	The Housing and Construction Authority
Ireland	Competition and Consumer Protection Commission
Latvia	Consumer Rights Protection Centre
Lithuania	State Consumer Rights Protection Authority
Malta	Malta Competition and Consumer Affairs Authority
Norway	Norwegian Directorate for civil protection
Sweden	National Electrical Safety Board
	The Swedish Chemicals Agency



2. Summary of main activities and outcomes

2.1 Scoping of the activity

The scope of the OMS activity was defined during the kick-off meeting (KoM). It was decided to focus on two main pillars, as depicted in Table 2 below.

Table 2 - **Pillars of the OMS activity**

PILLAR	CONTENT
1) Co-creation of tools and guidelines to address common OMS challenges	• Focus on three specific mini-projects selected by the MSAs o Drop-shipping o Cross-border collaboration o How to perform OMS
2) Proposing add-ons and improvements to DG JUST's eSurveillance tool	• Collecting user feedback on existing features • Suggestions for additional features

The following contractual deliverables of the activity were determined:

- Developing a **CASP 2021 OMS guidance document;**
- Conducting joint exercises **using the eSurveillance tool;**
- **Investigating web shops** using the eSurveillance tool – creating a list of web shops for each MSA and discussing a process to define, update and maintain it.

2.2 Working approach

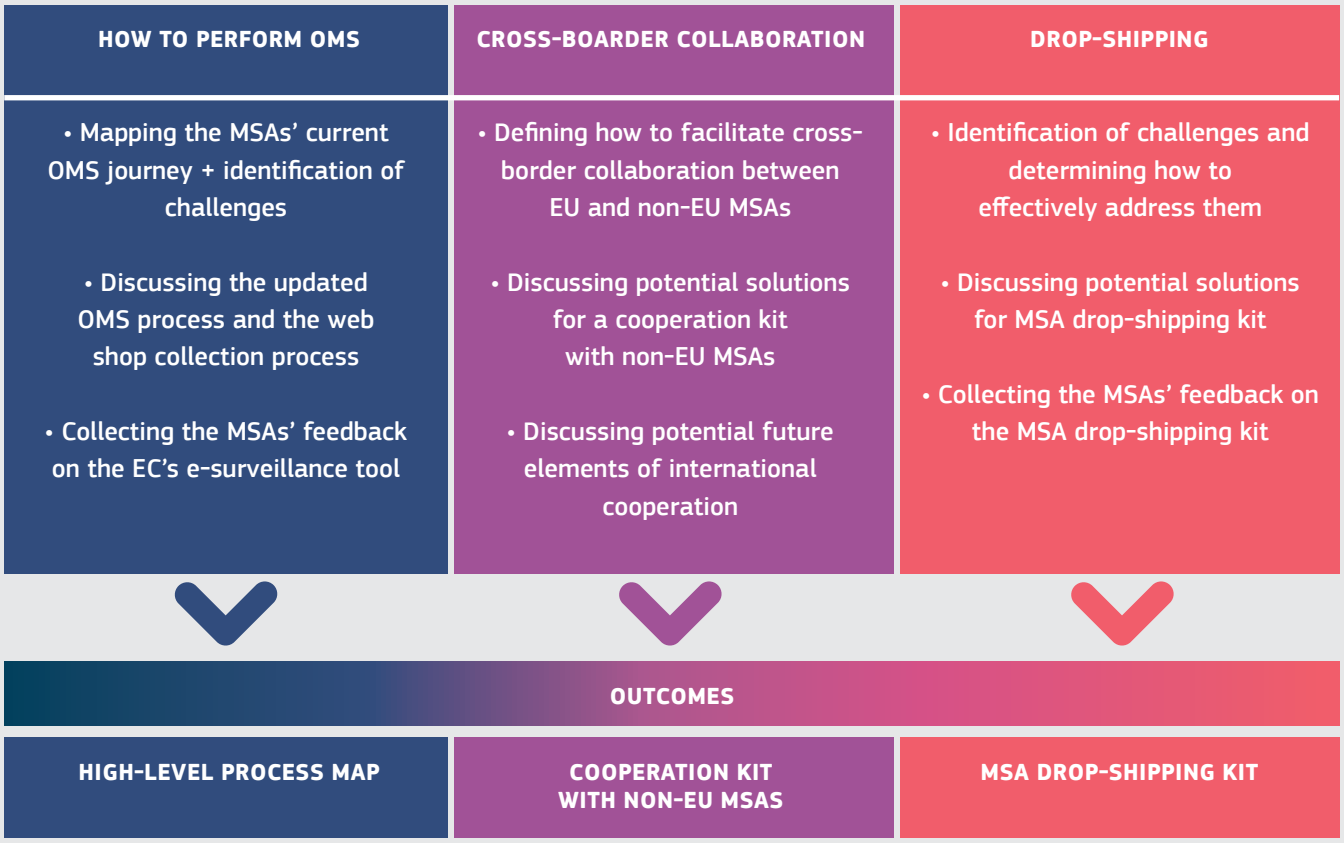
OMS has been identified as a key area for market surveillance in the future. One of the main objectives of the CASP 2021 OMS activity was to explore the challenges faced by MSAs in detail and co-create tools and solutions that offer hands-on practical advice to all MSAs performing OMS. The participants decided to divide this activity into three mini-projects (how to perform OMS, cross-border collaboration and drop-shipping). The process map below shows the detailed methodology applied during the OMS activity.

Figure 1 - **How to tackle challenges? – mini-project approach**

As a result of this process, the MSAs co-developed solutions via the online Wiki platform and provided regular feedback in between sessions. In addition, the Mural[4] collaboration tool was repeatedly used during the intermediate meetings to perform brainstorming exercises and was helpful during the elaboration of the tools co-developed by the MSAs.

The following figure summarises the tools development process under the CASP 2021 OMS activity.

Figure 2 - **Tools development process**



The second workstream for the OMS activity focused on the EC's recently developed eSurveillance tool. The main goal was to support and promote the use of the tool, as well as capture feedback, improvements and ideas for further fine-tuning.

As the tool is one of the key elements used to improve the MSAs' market surveillance operations, DG JUST organised an eSurveillance workshop. It consisted of introducing the tool's functions to the MSAs and performing a simulation exercise.

[4] Mural is a digital workspace for visual collaboration, where all the participants can edit a digital whiteboard together in real time.

2.3 Identification of solutions and development of tools and deliverables

The following table provides an overview of the tools developed along the three OMS mini-projects.

Table 3 - **Overview of co-developed tools**

MINI-PROJECT	OUTCOME	TOOL
1. Drop-shipping	**MSA drop-shipping kit**	• Shopify takedown request form for regulatory entities, accompanied by a 1-page explanation sheet • Shopify drop-shipping help document (HelpDoc)
2. Cross-border collaboration	**Cooperation kit with non-EU MSAs**	• Cross-border collaboration template to exchange information between EU and non-EU MSAs • Directory of contact details of non-EU MSAs (creation of a living document on the Wiki)
3. How to perform OMS	**High-level process map of the OMS journey**	• Main elements of the OMS journey • High-level process for collecting web shops, and creation of a living list of web shops • Market surveillance enforcement best practices

2.3.1 Drop-shipping

The first mini-project dealt with the drop-shipping phenomenon. Drop-shipping is a retail fulfilment method where the trader doesn't keep in stock the product it sells . It is part of a largely invisible supply chain used by many major retailers and market places to source goods from other parts of the world.
The following main challenges were identified:

- Drop-shipping sellers and facilitators might deny responsibility claiming to only be an intermediary between the consumer and supplier;
- Mostly inexpensive, low-quality products are sourced from 3rd countries – increased risk of non-compliance with EU safety legislations;
- Compliance of products sold cannot be ensured as the drop-shipping seller does not physically touch the product;
- Identification of dangerous products on drop-shipping sellers' sites can be difficult – drop-shipping sellers might not own catalogue photos and use generic photos;
- Drop-shipping sellers' cooperation with MSAs/measures.

To address these challenges an 'MSA drop shipping kit' has been developed in collaboration with Shopify[5], which can be generalised and used with online sellers or market places to enhance the cooperation between MSAs and various ecosystem players. It contains two elements:

- A drop-shipping HelpDoc containing information on drop-shipping sellers' and e-commerce platforms' responsibilities and EU product safety legislation;
- A template to be used by the MSAs to exchange information and report dangerous products[6].

[5] Shopify is a technology provider that offers third party sellers' access to basic tools and technologies to set up their own web shops, and also facilitates drop-shipping.

[6] Shopify takedown request form

2.3.2 Cross-border collaboration

Three main challenges were identified by the MSAs when it comes to cross-border collaboration:

- identifying EOs and establishing contact – lack of publicly available contact information;
- inquiring about product safety issues – lack of responsiveness of EOs based outside of the EU;
- taking corrective action and ensuring compliance – EOs based outside of the jurisdiction might not comply.

The approach to tackling those challenges followed by the participants was two-fold and resulted in a 'cooperation kit with non-EU MSAs'.

One solution was the development of a template to solicit the assistance of MSA colleagues from non-EU countries and obtain more information about sellers (e.g. the minimum information on a product necessary for non-EU MSAs to take action).

The second complementary solution aimed at enhancing cross-border collaboration through the creation of a directory of non-EU MSA contacts willing to cooperate with EU MSAs. Available contacts were added to a document shared on the Wiki platform and will be continuously updated as soon as new information becomes available.

2.3.3 How to perform OMS

The rapid development of information technology and the internet has created new challenges for market surveillance. MSAs must adapt their traditional methods to the new specificities of the online world and include OMS as a natural part of their work. Therefore, the MSAs have developed a step-by-step guide on how to conduct OMS on online retailers. The high-level process map was refined throughout the CASP 2021 OMS activity and is composed of 10 steps. It also contains a description of the high-level process for the collection of web shops as well as best practices for market surveillance enforcement, both of which can be attributed to specific steps in the map.

The three elements/tools developed in this mini-project are listed below.

Table 4 - **Tool components**

TOOLS	COMPONENTS
1. High-level process map of the OMS journey	• Main steps of the OMS journey • Main elements per step • Challenges MSAs encounter • MSA best practices
2. High-level process – collection of web shops	• Main steps for the enhanced collection of web shops • Creation of a centralised document listing web shops for targeted searches, regularly updated by the MSAs using the eSurveillance tool
3. Best practices for market surveillance enforcement	• Collecting best practices across MS to achieve better calibration and increased consistency for market surveillance enforcement

3. Conclusions and recommendations

3.1 General conclusions

The importance of OMS will continuously rise alongside the exponential growth rates of e-commerce. New challenges are surfacing and need to be addressed in order to ensure the efficiency of the MSAs' operations and therefore the protection of consumers against dangerous products. The CASP 2021 OMS activity's key goal was to further explore the three identified challenges regarding drop-shipping, cross-border collaboration and guidelines on how to perform OMS and make OMS an essential part of the MSAs' day-to-day operations.

A main outcome was the successful mapping of the main elements of OMS. This was paired with a detailed description of the associated challenges as well as a collection of pre-existing and new best practices. Furthermore, a set of tools that provide concrete guidance and practical information on how to overcome the issues encountered has been created for each mini-project as stated above (see section 2). These tools have been included in the CASP 2021 OMS guidance document, which can be used by any EU/EEA MSA aiming at improving their OMS operations, thus providing incentives for more efficient OMS. Finally, MSAs were successfully introduced to the EC's eSurveillance tool and provided valuable user experience feedback and ideas for improvement.

Future coordinated activities could focus on further challenges related to OMS to create even more practical solutions and further complement the toolbox developed in previous activities.

3.2 Lessons learned

- **Fully digital CASP project.** Due to the ongoing COVID-19 pandemic, CASP 2021 was held exclusively in a digital format, as was the case with the CASP 2020 activity. Digital ways of communication were successfully leveraged for enhanced team work. The use of digital collaboration tools such as the Wiki platform and Mural allowed the MSAs to contribute in a meaningful way and use their combined knowledge and experience to co-create tools and solutions aimed at improving OMS operations.
- **Effectiveness of online team work and project communication.** The use of the Wiki platform was crucial to the success of the project. As the main communication tool of the project, it enabled the contractor to be in constant contact with the MSAs in order to respond to any project-related questions. Furthermore, the platform was used by the MSAs to create synergies and co-create a number of documents, as well as to provide feedback and approve the project documents produced during the OMS activity.
- **Taking market surveillance to the next level.** OMS is a key area for market surveillance and will only grow in importance over time. As most MSAs perform OMS occasionally[7] and often only conduct manual inspections of web shops, the MSAs were provided with tools they could use to face challenges related to OMS. The CASP 2021 OMS guidance document contains a repository of the solutions developed during the three mini-projects.

[7] Finding from polls carried out during the KoM of the CASP 2021 OMS activity.

3.3 Recommendations

In a globalised digital economy, it is clear that a global effort from different stakeholders is needed to ensure consumer safety when shopping online. Therefore, a set of recommendations based on the discussions held during the meetings of the OMS activity was developed.

For consumers

Keep informed about online shopping dangers. Consumers should be aware that buying products online is not necessarily as secure as traditional brick-and-mortar retailing and comes with its own set of risks. Despite the rising popularity of online shopping due to attractive prices, easy access and pandemic-related restrictions, consumers ought to be alert and regularly use Safety Gate to search for notifications from EU/EEA MSAs concerning dangerous products. Furthermore, the product description and the details provided about the seller should always be consulted thoroughly to assess how trustworthy the respective product offering is.

For EOs

Ensure high level of product safety. EOs must stay informed about safety requirements of the country/region targeted and/or in which the products are sold. Also, EOs ought to aim at respecting all relevant product safety requirements as consumers have the right to safe products when purchasing products on the Single market.

Collaborate closely with authorities. EOs should work closely with authorities, and respond quickly to product information and removal requests, to ensure that dangerous products sold on their platforms are being removed in a timely manner. Using the Product Safety Business Alert Gateway[8] to notify the authorities in EU MS and EEA countries whenever it becomes clear that an unsafe product has been placed on the market is highly recommended.

Facilitate communication with MSAs. One of the main challenges flagged by the MSAs while mapping their OMS journey was contacting EOs, especially those located outside the EU. EOs should provide and share the relevant contact details whenever products are being sold online, to facilitate the MSAs' efforts to keep the Internal Market clear of unsafe and non-compliant products. This approach has been pursued using the Product Safety Pledge[9], a voluntary set of measures that allow better cooperation between EOs, MSAs and any market surveillance actions taken. It encourages signatories to create single points of contact for MSAs.

For European and national authorities

Continue exploring challenges and sharing/creating best practices related to OMS. The MSAs should further investigate challenges related to OMS to further increase consistency across authorities. Results and deliverables developed during the project and also in other capacity building activities (e.g. E-enforcement academy) should be further disseminated to achieve better calibration and increased consistency at a European level.

Ensure a continuous feedback loop on the use of the EC's eSurveillance tool. Experiences made and issues encountered with the tool should be regularly shared with the EC in order to further improve the system and find the best technical solution.

Enhance collaboration with customs. It is essential to ensure and promote an ongoing exchange of information about dangerous products. This is particularly true for customs, the first barrier preventing unsafe or non-compliant products from entering the EU market.

Foster long lasting relationships. Authorities should create and maintain an ongoing relationship with EOs and also other players in the online distribution chain. Close cooperation allows for a faster response when dangerous products have been identified, resulting in enhanced protection for vulnerable consumers.

[8] https://webgate.ec.europa.eu/gpsd/screen/public/home
[9] https://ec.europa.eu/info/business-economy-euro/product-safety-and-requirements/product-safety/product-safety-pledge_en

1. What is CASP?

The Coordinated Activities on the Safety of Products (CASP) enable Market Surveillance Authorities (MSAs) from EU/EEA countries to cooperate and to reinforce the safety of products placed on the Single Market.

Horizontal activities (HAs) provide a forum for MSAs to exchange ideas and best practices. Under the guidance of a technical expert, they develop common approaches, procedures and practical tools for market surveillance.

Product-specific activities (PSAs) test different types of products that may pose a risk to consumers. The products are selected and collected by the MSAs involved and are examined using a commonly agreed testing plan.

Hybrid activities facilitate horizontal discussions and conduct testing campaigns. The results are used to develop common approaches and methodologies.

CASP 2021 includes three HAs, five PSAs and one hybrid activity. They were pre-selected by the participating MSAs through a consultation organised by DG JUST.

Horizontal activities (HAs)

- Online market surveillance
- Risk assessment and management
- Crisis preparedness and management

Product-specific activities (PSAs)

- Toys from non-EU webshops
- Electric toys
- Reclined cradles and baby swings
- E-cigarettes and liquids
- Personal protective equipment

Hybrid activity

- Dangerous counterfeit products

Roles and responsibilities

EISMEA
- The contracting authority – manages the administrative relationship with the contractor on behalf of DG JUST
- Monitors and approves all contractual deliverables

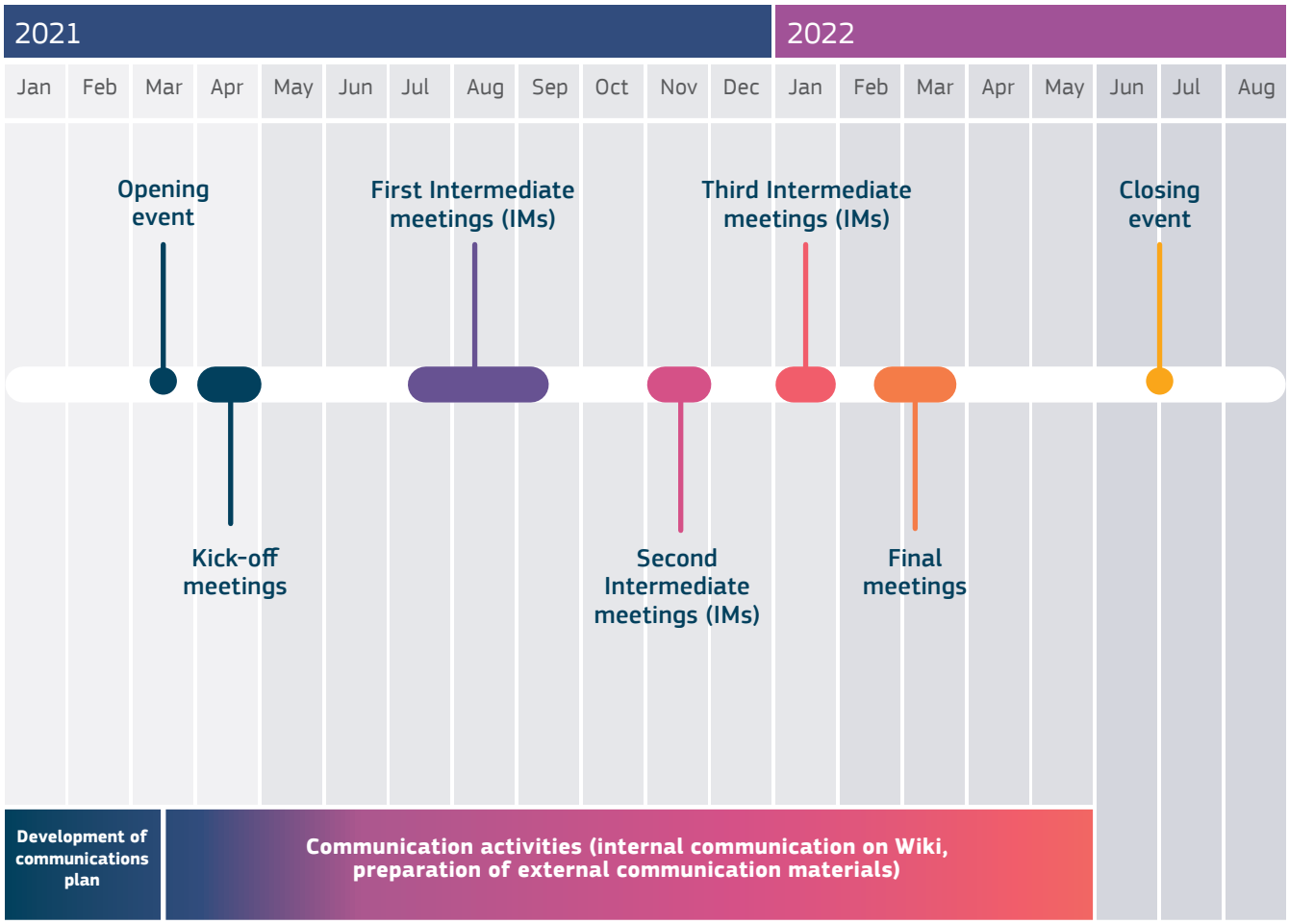
Contractor EY/Pracsis
- Coordinates the implementation and organisation of the activities
- Provides technical & logistical background
- Responsible for reporting, communication and the dissemination of the outcomes

Market Surveillance Authorities of EU/EEA Member States

DG JUST
- Oversees the planning and execution of the CASP projects
- Ensures operational leadership, management and successful implementation
- Supports the participating MSAs by providing guidance

Technical expert (one per HA)
- Provides technical advice and guidance to MSAs
- Helps with drafting the sampling and testing plan and selecting the most suitable laboratory
- Analyses results, helps with assessing the identified risks and proposes recommendations

2. HA work plan



INCEPTION	FIELDWORK	REPORTING	EXTERNAL COMMS
Desk research	Further research on topics defined during the kick-off meetings	Final meetings – presenting final outcomes	Launch of the communications campaign
Drawing initial conclusions	Final validation of activities' approaches	Validation and discussion of lessons learned	
Finetuning objectives	Conducting intermediate meetings, integrating inputs	Drafting of final reports	
Kick-off meetings – refining approaches	Finalisation of work/guidance documents and production of knowledge sharing tools	Dissemination	Assessing the impact

3. Overview of the HA approach

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Pre-CASP process

- DG JUST conducted a priority-setting exercise to select the topics of common interest to market surveillance authorities (MSAs).
- The CASP 2021 horizontal activities were selected through a consultation organised by DG JUST and reflect current interest in online market surveillance, risk assessment methodologies and crisis management.

1

Data collection and analysis

- Using various tools, such as surveys, interviews and desk research, the contractor collected the necessary background information.
- The outcomes were analysed to identify needs, gaps and challenges.
- The project's objectives and work plan were further finetuned and shared on the internal Wiki platform alongside the findings of the initial research.

2

Kick-off meetings

- Participating market surveillance authorities discussed the goals and deliverables during the kick-off meeting of each horizontal activity.
- Based on the desk research and data collection results, the approach was further refined.
- Following the meeting, work documents were shared on the Wiki platform where MSAs had the possibility to exchange views.

3

IMs

- During two intermediate meetings, the progress in each activity was presented and MSAs advanced on the various guidance documents with the help of the relevant field expert.
- Because of the complexity of the topic, a third intermediate meeting was held for the online market surveillance activity.

4

Conclusions, recommendations and reporting

- During the final meetings, the MSAs validated the final version of the relevant documents, and discussed lessons learned and possible insights in each horizontal activity.
- Work/guidance documents and other knowledge-sharing tools are provided to all authorities to help put the learnings into practice.

5

External communications

The external communication activities were launched at the closing event, marking the start of a 2–3-week long pan-European information campaign.

Tools

Final reports are produced for each horizontal activity and for the CASP 2021 project as a whole. They are available in all official EU languages plus Norwegian and Icelandic and have been disseminated to all market surveillance authorities.

Audio-visual clips summarising the outcomes of the CASP 2021 project were produced.

Channels

The communication material is disseminated through:

- *The Safety Gate website*
- *The EC CASP website*
- *DG JUST social media*
- MSAs' national communication channels
- Relevant press and other stakeholders

EUROPEAN COMMISSION
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