AT A GLANCE

Requested by the IMCO committee Study in Focus



E-commerce and the EU Green Deal

Analysis of the environmental footprint of online sales in the context of the circular economy

The <u>original full study</u>¹ presents information on the role of e-commerce in implementing the European Green Deal. In particular, the report analyses how companies can uphold high consumer protection standards with online sales in the internal market using digitalisation; explore the potential of new sustainability standards in the context of the upcoming revision of the packaging directive; investigate the environmental footprint of e-commerce including how it is calculated, and how the footprint can be reduced assess the role e-commerce plays, or could play, in implementing the EU Green Deal's goals; and analyse the link between e-commerce and the single market's circular economy.

Check out the original full study by scanning this QR code!

Background



Over the last ten years, ecommerce has consistently exhibited significant growth rates. The e-commerce share

of the turnover of all EU-27 enterprises (except financial) increased from 13% in 2010 to 18% in 2019 before jumping to 20% in 2020 and 2021. As part of this rise, cross-border transactions also increased. Furthermore, in 2020, 22% of consumers made a purchase from sellers in a non-EU country. This evolution accelerated with the covid-19 pandemic as a lot of EU retail shifted from physical stores to online.

Key findings

The increasing importance of e-commerce has highlighted the importance of information provision regarding the environmental footprint of consumer choices, including: what information is made available to consumers; the personalisation of offers to consumers; and how information is presented to consumers.

With rising interest in the climate crisis, consumers have become more interested in sustainable consumption choices. While some traders have responded to this trend by offering more eco-friendly choices, there are concems about misleading claims being used as an advertising strategy (i.e., greenwashing). This has also involved some companies using interface design to steer consumers towards potentially harmful choices.



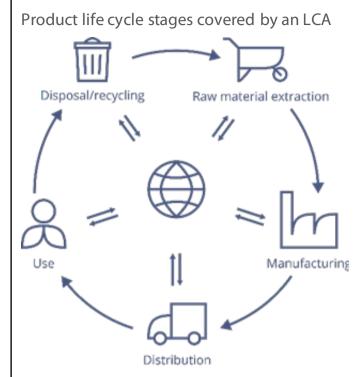
There is no single approach that fully captures the environmental footprint of e-commerce. The study finds that the three main approaches (comparing the footprint of different retail channels, i.e. traditional vs online or hybrids, official frameworks such as ESG reporting, and issue-specific approaches such as sustainability certifications) are insufficiently sound scientifically.

As regards opportunities and threats, the environmental footprint of e-commerce presents risks from logistics, over-packaging, destruction after return and electricity demand.

On the other hand, innovation in transport technology and alternative business models (such as providing pick-up points) present environmental opportunities. The widespread use of the internet allows consumers to identify more eco-friendly companies to shop from. At the same time, ecommerce has allowed for the growth of the circular economy and for extending product life.

From a legislative perspective, there is no overarching, integrated EU policy instrument covering the sustainable production and consumption of all products nor the availability and reliability of information on these products to consumers.

Considering these issues, the study puts forward the following recommendations:



Source: Golsteijn L., 2022, Life Cycle Assessment (LCA) explained, Available at: https://pre-sustainability.com/articles/life-cycle-assessment-lca-basics/.

Note: Life-Cycle Assessment (LCA) is a scientific methodology to calculate the environmental footprints of the entire life cycle of either a product or the function of a product in multiple impact categories, depending on the method used.

- Ensure that existing legislation is complied with in the digital space: this would entail supporting national authorities in enforcing existing legislation, monitoring online practices with digital tools and providing support to businesses to comply with existing rules.
- Improve information provision and transparency of offers to consumers to enable them to make better decisions: in particular, harness digital innovation to make it easier for the consumer to access information on the sustainability of their purchase while ensuring consumer protection.
- Incentivise consumers and businesses to be more sustainable, including by supporting e-commerce's
 role in fostering repair and reuse over replacement and fostering the emergence of independent
 repairer's network.
- Ensure information on sustainability impacts is reliable: by harmonising methodologies for assessing the environmental footprint of e-commerce and making sure that they are communicated to consumers in a transparent and easy way.

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IP/A/IMCO/2023-02; Manuscript completed: December 2022; Date of publication: January 2023 Administrator responsible: Christina RATCLIFF; Editorial assistant: Mina DRAGANSKA Contact: Poldep-Economy-Science@ep.europa.eu

This document is available on the internet at: www.europarl.europa.eu/supporting-analyses

Print ISBN 978-92-848-0131-2 | doi:10.2861/570498 | QA-03-23-026-EN-C PDF | ISBN 978-92-848-0132-9 | doi:10.2861/288254 | QA-03-23-026-EN-N

Collini, L.., Hausemer, P., et al., 2022, *E-commerce and the EU Green Deal*, Publication for the committee on Internal Market and Consumer Protection (IMCO), Policy Department for Economic, Scientific and Quality of Life Policies, European Parliament, Luxembourg. Available at: <u>E-commerce and the EU Green Deal (europa.eu)</u>.