

(English version)

**Question for written answer E-001646/24
to the Commission**

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(6 September 2024)

Subject: Doubts about Temu's economic and financial situation and its failure to comply with the Digital Services Act (DSA)

An investigation by the Financial Times has revealed the economic and financial situation of the Chinese holding company PDD, which controls the e-commerce platform Temu. It seems that over the past year it garnered USD 38 billion, but at the same time has raised eyebrows owing to its decision not to pay dividends to shareholders, leading to a 31% loss in the value of its shares, which seriously impacted on small-scale investors in particular. Added to this is its very murky economic and financial situation and issues concerning the way it treats its employees and suppliers. These considerations raise many doubts as to whether this company is falling into line with European Community rules.

Last June, the Commission added Temu to the list of very large online platforms (VLOP) under the DSA, giving it until the end of September to comply with the rules on these, but so far the platform seems to have ignored all its guidelines.

In view of the above:

1. Is the Commission aware of this company's economic and financial situation, and has it detected any breaches of the rules?
2. If so, does the Commission not consider that the production and quality standards applicable to European producers should be protected by limiting access to this platform in the EU?

Submitted: 6.9.2024

Answer given by Executive Vice-President Vestager on behalf of the European Commission
(19 November 2024)

The Commission follows a risk-based approach to regulate digital platforms, and market surveillance activities, targeting the intermediary platforms, products and economic operators considered most likely to circumvent the enacted rules. Products sold in the EU must be safe and comply with EU/national legislation.

Online marketplaces and consumer protection online are important priority areas for the enforcement of the Digital Services Act (DSA) ⁽¹⁾. In this regard, the DSA has the principle of consumer protection as one of its main objectives ⁽²⁾.

After being designated as a Very Large Online Platform (VLOP) on 31 May 2024, Temu must comply with DSA provisions as of the end of September 2024, including addressing systemic risks, like selling illegal goods, and protecting consumer rights.

In May 2024, the European Consumer Organisation members filed a complaint against Temu with the Digital Services Coordinators and the Commission.

In June ⁽³⁾ and October ⁽⁴⁾ 2024, the Commission sent two Requests for Information to Temu about the risk mitigation measures it has put in place to comply with the DSA.

Following preliminary analyses of the risk assessment report and the replies to the Commission's formal Requests for Information provided by Temu, on 31 October ⁽⁵⁾ 2024 the Commission opened formal proceedings against Temu to assess whether they may have breached the DSA linked to the sale of illegal products, the potentially addictive design of service, the systems used to recommend purchases to users, as well as data access for researcher.

The EU has also delivered other initiatives, besides the DSA, such as the revision of its General Products Safety Directive ⁽⁶⁾ to strengthen online platform obligations and ensure non-food product safety.

⁽¹⁾ Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act), OJ L 277, 27.10.2022, p. 1-102.

⁽²⁾ Regulation 2022/2065, Article 1.

⁽³⁾ <https://digital-strategy.ec.europa.eu/en/news/commission-requests-information-online-marketplaces-temu-and-shein-compliance-digital-services-act>

⁽⁴⁾ <https://digital-strategy.ec.europa.eu/en/news/commission-requests-information-under-digital-services-act-temu-traders-selling-illegal-products>

⁽⁵⁾ <https://digital-strategy.ec.europa.eu/en/news/commission-opens-formal-proceedings-against-temu-under-digital-services-act>

⁽⁶⁾ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R0988>