



## **Re: Notification of German Act transposing requirements under the Single-Use Plastics Directive and the Waste Framework Directive into the Packaging Act and other acts**

March 2021

To Whom It May Concern:

On behalf of Etsy, the global two-sided marketplace for unique and creative goods, I'm writing to express our deep concerns about the draft amendment to Germany's Packaging Act (VerpackG), and offer suggestions for how the legislation may be revised to promote sustainable packaging while protecting microbusinesses from onerous compliance obligations.

We are concerned by the fact that the German Packaging Act and corresponding draft amendment imposes disproportionate requirements that jeopardise the EU internal market, leading to significant cross-border trade friction and reduced consumer choice in Germany.

**First and foremost, Etsy and our seller community fully support the German government's goal to promote recycling and reuse of packaging materials.** Etsy hosts more than 4 million creative entrepreneurs, who sell handmade, vintage goods and craft supplies to a global community of consumers. Globally, 81% of our sellers are women, and the vast majority are businesses of one. Nearly all run their creative businesses out of their homes, crafting one-of-a-kind items, often thoughtfully wrapped and packaged. As a company, we're proud to be a leader in sustainability: we're the first global e-commerce company to offset 100% of carbon emissions from shipping.

As of 1 January 2019, Etsy shops face the obligation to register with "LUCID" before they dispatch any products to the German market for the first time. **The current rules are in themselves extremely complex and confusing for microbusinesses, and certain sellers are facing technical difficulties with the registration process itself (e.g. does not always recognise foreign addresses).** Microbusinesses in particular struggle with the resources to learn about and manage complex compliance obligations across multiple jurisdictions. While we endeavor to empower sellers with [resources](#) to understand their compliance obligations under relevant rules and regulations, we believe the current rules are already having strong unintended consequences:

- Etsy sellers are eager to offer compliant products, but as businesses of one, they tend to be very risk-averse, and have little ability to manage burdensome compliance obligations. Faced with this requirement, many sellers (in particular those with only a few



sales into Germany) are choosing to stop selling into Germany altogether with the undesirable result of reducing choice for German consumers.

- Further, if countries outside of the EU enact similar administrative requirements, the EU microbusinesses who sell goods via Etsy would be harmed. Most of these EU microbusinesses are exporters, as Etsy gives them access to a global community of consumers. In fact, 86% of German sellers export their goods outside of their own country on Etsy.<sup>1</sup> These EU microbusinesses would likely lose valuable export markets if similar administrative requirements were to apply to them when selling outside their own country.

Taking into account the challenges and complexities faced by our sellers with the current system, we are deeply concerned with the draft amendment to the Packaging Act, which risks holding Etsy strictly liable for the non-compliance of our sellers with the Packaging Act. It's important to note that the majority of Etsy sellers sold their goods for the first time on Etsy. In this, we function as an on-ramp to entrepreneurship. If Etsy were required to collect, verify, and share LUCID registration information about every seller from the moment she opens her shop, regardless of whether she has made a sale and in the face of considerable challenges our sellers now face with the LUCID system, **the practical effect would be to substantially limit opportunities for creative entrepreneurs to start and grow their business.**

As a result, we believe that the amendment should at the very least:

- have in place a **de minimis threshold** to protect occasional, 'passive' cross-border online sellers against an often accidental and disproportionate compliance burden.
- put in place a **joint and several liability (JSL) mechanism** whereby marketplaces would "only" need to take action following notice from authorities, particularly when they do not offer fulfillment or control packaging.

Additionally, we would welcome the opportunity to provide feedback on the current LUCID system, and opportunities to support and advance responsible packaging worldwide, particularly for the small and microbusinesses who run creative businesses out of their own homes. We sincerely hope we can work towards an operationally workable system for all parties.

Yours Sincerely,

Althea Erickson  
VP, Global Public Policy and Impact  
Etsy

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<sup>1</sup> [2019 Etsy Global Seller Census](#)



## About Etsy

Etsy is a global marketplace for unique and creative goods. Our mission is to keep commerce human, and we're committed to using the power of business to strengthen communities and empower people. Our marketplace provides a platform to enable a global community of sellers to market and sell their goods to buyers around the world, who come to Etsy to be inspired and delighted by items that are crafted and curated by creative entrepreneurs.

As of 31 December 2020, Etsy hosts 4.4 million sellers and 81.9 million active buyers, operating in nearly every country in the world.<sup>2</sup> In Germany, 87% of our sellers are women, 80% of sellers are businesses of one, and 91% run their creative businesses out of their homes. For 29% of German Etsy sellers, their creative business is their full-time occupation. For the rest, their creative business supplements other types of jobs and income. In many ways, Etsy provides a low-cost means to experiment with creative entrepreneurship. For 35%, Etsy was the first place they sold their goods.<sup>3</sup>

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<sup>2</sup> <https://www.etsy.com/press?ref=fr>

<sup>3</sup> [2019 Etsy Global Seller Census](#)