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CME's contribution to the Circular Economy Act

Classifieds Marketplaces Europe (CME) welcomes the opportunity to contribute to the proposed Circular Economy Act (CEA).

CME is a coalition of **EU-headquartered companies** operating online classifieds marketplaces that facilitate transactions of **second-hand goods**. Our members – Adevinta, CustoJusto, OLX, Vend, Vinted, and Wallapop – connect individuals and local businesses, making it easier to buy and sell second-hand goods. With over 50 brands spanning 21 European countries, our members employ more than 10,000 people dedicated to facilitating sustainable commerce. As European classifieds marketplaces, we allow users to buy and sell items they no longer use. This model facilitates **consumer-to-consumer (C2C) transactions and local trade**, extending lifecycles of goods.

We support the Commission's ambition to accelerate the EU's circular transition by addressing market barriers and promoting harmonised, proportionate rules across the EU. This paper (I) explains why **second-hand trade should be promoted in the CEA**, (II) outlines the **main barriers currently limiting its growth**, and (III) proposes practical **solutions to drive competitiveness, affordability, and innovation, while empowering Europeans to choose reuse**.

We recommend the Commission to consider the following proposals:

- Introduce fiscal measures that support circular choices, notably **reducing VAT on second-hand goods and on the shipping of second-hand goods**.
- **Simplify and harmonise Extended Producer Responsibility (EPR) schemes** across Member States, including the introduction of a **one-stop shop** to register, report, and pay EPR obligations in one place.
- **Review the DAC7 reporting framework** to better reflect the reality of second-hand trade by combining and raising its thresholds.
- **Encourage EU- and national-level education and awareness initiatives**, as called for by the European Parliament (NLF INI), to inform citizens in clear, relatable ways about how to take part in reuse and circular practices.
- **Promote expert collaboration and exchange of best practices**, drawing on examples such as Norway's circular economy expert group, to inform proportionate and evidence-based policymaking.
- **Apply a 'second-hand lens' approach in all future legislation and impact assessments**, ensuring that new measures strengthen, rather than hinder, the circular economy.

I. Promote reuse & second-hand goods as key elements of a Circular Economy

CME fully supports Enrico Letta's call in his report, [Much More Than a Market](#), to embed circular economy principles within the EU Single Market – a vision that strengthens environmental sustainability while driving growth, innovation, and more sustainable consumer choices.

Given the crucial role of second-hand trade in pursuing this ambition, we **regret** that current discussions on the CEA **do not place greater emphasis on how to promote reuse and second-hand trade within and across Europe**. These activities preserve the value embedded in primary raw materials by extending product life cycles, generating both **economic and environmental benefits**, as illustrated by recent market and impact data.

- **Re-commerce is becoming a significant market in Europe:** It was valued at **€94 billion** in 2022–2023, representing 12.3 % of total e-commerce, and is projected to grow to **€120 billion**, accounting for 14 % of e-commerce by 2025, according to the European Parliament's [report on the New Legislative Framework](#). In Finland, the Finnish Commerce Federation [estimates](#) that the national re-commerce sector will reach **€1.4 billion** by 2025, an increase of 56 % since 2023, with sellers earning about **€853 million from C2C resales**.
- **Environmental benefits of classifieds marketplaces:** In 2024, Adevinta helped potentially **avoid 3,849,472 tonnes of CO₂e**, while [OLX](#) estimates that second-hand transactions on its platforms **saved 1.05 million tonnes of materials, 190 billion litres of water, and avoided about 2 million tonnes of CO₂e**. In 2023, [Vinted](#) estimates its users helped **avoid 679 kilotonnes of CO₂e by buying second-hand instead of new**, while, in the Nordics, [Vend](#) marketplace estimates to have avoided **349,726 tonnes of CO₂e** in potential emissions.

Moreover, **online classifieds marketplaces make participation in the circular economy simple and accessible**. In Norway, a representative survey conducted by FINN, Norway's leading second-hand marketplace and part of CME member Vend, found that about **60 % of respondents made their latest used-goods purchase online**. Likewise, Vinted's 2023 Impact Report found that **81 % of its members would not have resold their items without the platform**. These findings show how classifieds marketplaces provide an easy and practical opportunity for everyone to participate in second-hand trade.

CME's recommendation

CME calls on the European Commission to recognise within the CEA the significant economic and environmental value of online classifieds marketplaces and to explicitly promote reuse and second-hand trade. These practices are among the most effective and accessible ways to advance the circular economy, while supporting the EU's objectives of competitiveness, sustainability, and affordability.

II. Existing barriers to reuse and second-hand trade

VAT and shipping costs

CME members are acutely aware that **consumers are price-sensitive, particularly when purchasing second-hand goods**, and share the Commission's objective of ensuring affordability for European consumers. In that spirit, we welcome the Commission's announced Green VAT initiative to **address embedded VAT in second-hand products** – goods that already paid VAT when they were first bought 'as new'.

Beyond VAT on products, **a practical barrier to online C2C second-hand trade is the cost of shipping**. Consumers are often deterred from buying affordable second-hand items because delivery fees can represent a significant share of the total price. CME therefore proposes for the Commission to **consider removing VAT on the transportation of second-hand goods** to make circular trade more competitive and appealing.

This barrier is well illustrated by the insights from FINN, Norway's leading second-hand marketplace. When the platform temporarily reduced shipping prices by 50%, second-hand sales increased by approximately 40%. The observed elasticity – around 0.8% rise in sales for every 1% drop in delivery costs – highlights how sensitive users can be to changes in shipping costs. High delivery costs act as a deterrent to consumer-to-consumer trade, especially for lower-value used items, which make up much of the circular market. Applying this relationship to VAT policy shows clear potential benefits. FINN estimates suggest that **removing Norway's current 25% VAT on shipping could lower consumer delivery costs by about 20% and increase second-hand transactions by approximately 15%**. For FINN alone, that could mean roughly 375,000 additional C2C second-hand transactions per year.

CME's recommendation

Based on this, CME calls on the European Commission to carefully assess reducing the VAT on second-hand goods and on their shipping as effective measures to boost circular business models and encourage second-hand trade. We also urge the Commission to ensure coordination and information-sharing between its services as different initiatives, including the CEA and the Green VAT initiative, are developed.

Fragmented Extended Producer Responsibility (EPR) schemes

Extended Producer Responsibility (EPR) obligations remain fragmented, burdensome, and inconsistent across the EU, creating significant administrative and legal challenges for producers and online marketplaces. Registration and reporting processes vary widely between Member States and product categories, with **multiple authorities, systems, and procedures** that are often inaccessible to non-resident companies and available only in local languages.

For example, **for certain product categories, sellers active in ten Member States must complete up to 30 different procedures** (three product categories × ten Member States) to remain compliant, illustrating how fragmentation across the EU **raises costs and complexity** for marketplaces and SMEs, particularly for cross-border flows.

The absence of a single, EU-level information source means companies must invest substantial time and resources in understanding and tracking national requirements, while inconsistent rules on Authorised Representatives (ARs) and Producer Responsibility Organisations (PROs) add further complexity.

Reporting systems are equally fragmented, with differing frequencies, data formats, thresholds, and definitions, such as who qualifies as a "producer" or what counts as "recyclable", leading to **legal uncertainty and duplication of effort**. For example:

- In some countries, such as Croatia, **only individuals holding a national ID can register, forcing non-resident companies to hire local representatives.** In others, such as Lithuania, **registration must be completed by the company's CEO** through multiple national systems. By contrast, Denmark offers a **single-step digital registration** process that can be completed in minutes.
- Reporting obligations also differ significantly: some Member States require **monthly** reporting (e.g. Croatia), others **quarterly** (e.g. Sweden and Lithuania) or **annually** (e.g. Denmark). Systems range from **user-friendly online portals** (e.g. Sweden, France) to **manual submissions via spreadsheets** (e.g. Croatia, Czechia).
- **Definitions of "producer" and "recyclable," as well as fee calculation methods, also vary** across Member States, creating legal uncertainty and duplication of compliance efforts.

These inconsistencies demand substantial **staff time, financial resources, and compliance infrastructure**, especially for companies operating in different EU Member States. At the same time, the funding resulting from EPR schemes should be used to support the higher levels of the waste hierarchy, namely, prevention, reuse, and preparing for reuse.

CME's recommendation

CME welcomes the Commission's drive to streamline and reduce fragmentation under the Single Market Strategy and sees the CEA as an opportunity to carry that effort forward. Such a framework would benefit marketplaces, their users (particularly SMEs and micro-enterprises), as well as competent authorities. Harmonising requirements, for example, through a unique producer ID or a digital one-stop shop at the EU level, would allow producers to register, report, and pay their EPR obligations in one place and would support consistent, efficient, and transparent monitoring of compliance at scale. This should include a single EU registration and reporting system and harmonised definitions. Funds resulting from the EPR schemes should be allocated to support reuse activities.

DAC7 administrative thresholds unfit for second-hand trade

As the EU seeks to accelerate the transition towards a circular economy, it is essential that new and existing frameworks consistently support, rather than discourage, the growth of second-hand and reuse markets. The experience with the Directive on Administrative Cooperation (DAC7) illustrates how certain reporting requirements, while aimed at improving tax compliance, have inadvertently discouraged individuals from engaging in second-hand trade.

While CME fully supports DAC7's objectives of improving tax transparency and simplifying reporting across the Single Market, its current design has created unintended obstacles for second-hand trade between private individuals.

A relevant example comes from **Norway**, which **decided not to introduce DAC7-style reporting obligations** for sales-of-goods platforms, following consultation with CME members.

The experience with DAC7 shows how well-intentioned rules can have unintended consequences for second-hand trade. **Future initiatives should therefore prevent similar effects.** Strong coordination and information-sharing across Commission services, including during the inter-service consultation phase, represent a key opportunity to ensure that future frameworks consistently support transparency without creating unnecessary barriers to circular business

models.

CME's recommendation

CME calls for DAC7 to be reviewed soon and for lessons from its implementation to inform future policymaking. While this revision may fall outside the immediate scope of the CEA, CME encourages it to acknowledge this barrier and recommend that DAC7 be revisited accordingly, recognising reuse as an essential enabler of the EU's circular-economy goals.

III. Supportive measures to promote second-hand trade

Awareness raising

Beyond addressing regulatory barriers, it is equally important to create the right conditions for citizens to participate confidently in the circular economy. **Awareness and education can drive lasting change** by helping people understand, trust, and engage in reuse and second-hand trade.

CME therefore welcomes the **European Parliament's call for greater awareness and education on reuse and re-commerce in the [New Legislative Framework own-initiative report](#)**. Public, platform-neutral initiatives developed jointly with Member States, consumer authorities, and civil-society organisations can reach people effectively and encourage sustainable choices.

Recent data from **OLX Poland** highlight this potential: **65 %** of respondents believe **education about the benefits of second-hand trade** could help; **63 %** support **social campaigns promoting reuse**; **69 %** favour legal incentives such as **tax relief for selling used products**; and **75 %** say **better consumer safeguards** would significantly boost participation. For this reason, CME and its members stand ready to work with the European Commission and national authorities to design inclusive, fact-based communication initiatives that empower citizens to participate in the circular economy.

Sharing of expertise and best practices

Institutional learning has also a vital role to play. CME recommends that the **European Commission ask its expert groups to analyse and make concrete proposals on how to promote reuse and foster second-hand trade within the EU**. Norway's independent circular-economy [expert group](#) offers a useful model for this approach.

In parallel, **Member States should regularly exchange best practices** on how to facilitate reuse, simplify procedures, and make participation in second-hand trade more accessible. Such cooperation can help identify **proportional solutions** and ensure that future policy recommendations and legislative initiatives are grounded in **practical experience**.

Use of 'second-hand lenses' in future legislation

Before proposing new legislation, EU policymakers should apply a **'second-hand lens' approach** during impact assessments and negotiations. This approach would ensure that potential consequences for second-hand trade are considered and help prevent a repetition of past oversights (e.g. DAC7). We know from experience that every extra data field requesting more information on either the seller or the product before being able to place a listing is discouraging, and makes people more likely to drop out of the process of selling second-hand items.

