ABSTRACT

Having emerged in the early 2000s, e-commerce **now accounts for 13% of the retail trade in goods**, rising by 37% in 2020 compared to 2019 due to the Covid-19 crisis. Although the two leading positions in the French market are held by specialised players, Amazon and the French company Cdiscount, the major retail chains (Leclerc, Carrefour, FNAC-Darty, Auchan, etc.) are very present. Nearly 200,000 commercial companies, as well as industrial, artisan, and agricultural businesses, have e-commerce sites. Finally, sites operating exclusively from abroad such as Wish or Alibaba also have strong positions. Platforms such as eBay or Vinted, which are very successful, were not included in the scope of the mission.

E-commerce customers come from all regions, social classes, and generations, although there is an over-representation of people under 50 and families with at least two children. Between 10% and 30% of French people do not use it by choice or because they are unable to do so (illiteracy, white zones, etc.).

The environmental impact of e-commerce is discussed. Its greenhouse gas (GHG) emissions balance, analysed on a life cycle basis, depends essentially on the production stages of the goods sold. However, the mission did not find any fundamental difference in the production methods of products sold in shops or online, even though online trade has very strong positions in sectors where imports from countries outside the European Union are in the majority (electronic products, clothing, toys, etc.). The main difference in the GHG balance between these two distribution channels lies in the final stages of storage and distribution to the consumer. In this respect, the mission calls for caution with regard to the very positive assessments presented by e-commerce players, given that the volume of deliveries – one billion parcels per year, mainly in home deliveries – can generate greenhouse gas emissions and fine particles, with major health consequences. Therefore, to be effective from an environmental point of view, last-mile delivery must favour low-carbon fleets and optimise flows. With regard to land artificialisation, the increase in the number of warehouses linked to e-commerce would contribute to less than 1% of the annual consumption of natural, agricultural, and forestry areas, but could have a significant local impact, particularly when very large warehouses are built.

The development of e-commerce has disrupted the trade and logistics sectors, which account for 20% of market jobs. The annual growth in the number of employees in retail trade was 3% between 1994 and 2002, but only 1% between 2002 and 2019. The lower

employment intensity of e-commerce compared to physical commerce has probably contributed to this decline. Indeed, the stronger e-commerce is in a sector, the more pronounced the drop in employment. As such, job losses have been observed in the toy, shoe, and clothing sectors, while job creation has been dynamic in the food trade, which has little competition from this distribution channel. Furthermore, e-commerce is creating jobs in the transport and logistics sector.

There are worrying signs of disruption. The development of free delivery has contributed to the degradation of margins for omnichannel companies and in particular for the retail sector. While some pure players are backed by profitable multi-activity groups, such as Amazon with its cloud business, and may be losing money on retail, they are putting their competitors in a difficult position. The latter are therefore encouraged to rebuild their margins, which could result in an acceleration of the automation of their warehouses and shops with **potentially significant effects on employment**.

In this context, quick decisions are needed to preserve the diversity of commerce modes by improving competitive and fiscal fairness, as well as allowing traditional commerce to modernise and succeed in its evolution towards the omnichannel.

1/ **Improving fairness in taxation, consumer protection, and competition between different forms of commerce is the priority.** The possibility for digital giants to largely escape taxation must be corrected by adopting a more appropriate tax system. The introduction of carbon offsetting at the EU's borders will also help to internalise the environmental impact in prices.

The ability of sellers operating on marketplaces to evade value added tax (VAT) must be curbed. The implementation of the revised VAT Directive on e-commerce in 2017 was expected to provide an additional 1 billion euros of revenue for France in a full year. However, this result seems uncertain and the revision of this directive will probably be necessary to reduce this distortion between operators.

As such, at a national level, **a comprehensive reform of the taxation of commerce** must be undertaken as soon as possible to improve the relative position of physical commerce compared to e-commerce.

In terms of competition and consumer protection, **platforms must be responsible for the regulatory compliance of products offered for sale.** Their ability to distort competition must be better regulated as proposed by the European Commission through the adoption of decisions next year, if possible.

2/ **Take better account of logistics in regional planning.** The construction of warehouses should be part of a regional planning process integrated into the regional plans for development, sustainable development, and territorial equality (SRADDET), then into the territorial coherence plans (SCOT) and local urban plans (PLUi and PLU). It would be locally concerted in order to optimise flows, encourage multimodality, densification, and the use of wasteland to reduce artificialisation, which has helped crystallise opposition to the creation of warehouses. Because of the poor integration of logistics issues in recently adopted regional planning documents, the existing approval procedure in Île-de-France could be rapidly generalised, without waiting for their revision, to enable the State, in conjunction with local authorities, to better ensure this logistics regulation.

3/ **Improve the environmental performance of e-commerce** by reserving access to urban areas for vehicles that emit fewer fine particles and greenhouse gases (GHG), within short timeframes adapted to the local context, with appropriate support. The mission recommends that priority be given to delivery to relay points in urban areas and that it be made mandatory to invoice the delivery separately and to communicate the carbon footprint of the delivery so that the consumer can choose the delivery time.

4/ **Encourage the digitisation of French economic actors (traders, industrialists, artisans, farmers) in order to promote sustainable e-commerce.** The aim is to enable VSEs/SMEs to create or participate in effective e-commerce tools on the local and national market as well as for export. These measures will include a training dimension and will be linked to policies to promote the dynamism of city centres and the digital coverage of territories. Finally, the emergence of a European champion of sustainable e-commerce will be promoted by facilitating the interoperability of national platforms to improve the depth of the catalogue offered and to compete with the major global players.

5/ **Create a more ambitious "sustainable e-commerce" label** than the regulation by combining environmental, social, and economic criteria to allow consumers to better identify the most responsible market players.

In view of the difficulties faced by many players in the commerce sector, the mission highlights the need for rapid decisions, in consultation with all the stakeholders, to preserve the diversity of commerce methods by promoting the emergence of sustainable e-commerce, consistent with the government's ecological, economic, and social guidelines.