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ECONOMIC AND FISCAL IMPLICATIONS FOR GERMANY

Temu und Shein – Impact on the German Economy

Agenda

01 Chinese Platforms in Germany

02 Results of the Survey

03 Economic Impact

04 Fiscal Impact

05 Introduction of Tariffs

01

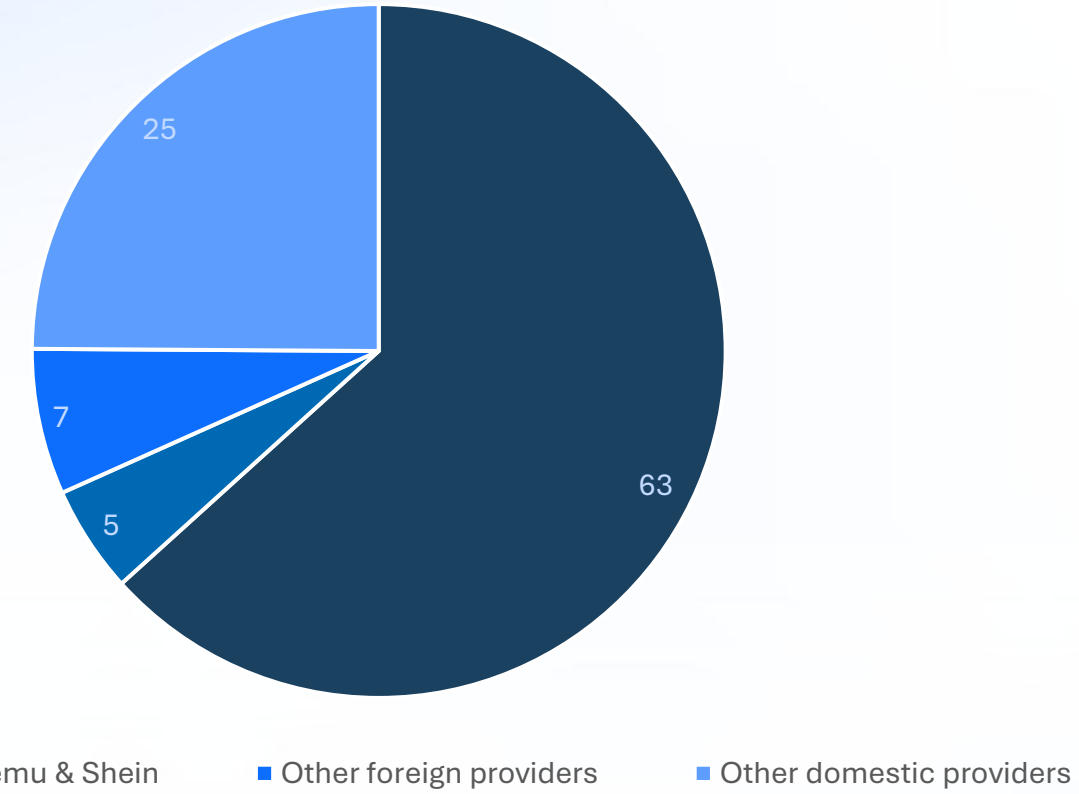
Chinese Platforms in Germany

The Growth of Temu and Shein in Germany

By 2025, the two Chinese platforms already hold a 5 percent share of the online retail market

Market shares in online retail in Germany (2025)

as a percentage



- Temu and Shein had 16 million shoppers in 2025, an **11 percent** increase compared to 2024
- Revenue actually rose by **57 percent** to **4.7 billion euros**
- This rapid growth has resulted in a **5 percent** market share in the German online retail sector

Own Illustration based on HDE (2026)

Temu and Shein are putting Pressure on the Retail Industry

Context: 2,490 retail bankruptcies (Aug. 2024–Aug. 2025) – just below the record high set in 2016

Price pressure

- Persistently low prices are changing consumers' price expectations
- 23% are skipping Black Friday – "Asian platforms offer low prices all year round"
- 72% are willing to accept longer delivery times in exchange for lower prices

Shift in value creation

- Production, marketing, and customer service are primarily based outside the EU
- For every euro spent, significantly more value flows out of the German economy than with domestic platforms

Regulatory imbalance

- German retailers bear the full cost of compliance (Packaging Act, GDPR, Electrical and Electronic Equipment Act, product safety regulations)
- Risk to consumers: 68% of the Temu/Shein products tested do not meet EU safety requirements; for example, cadmium in jewelry: 8,500 times the limit

Logistical burden

- 460,000 packages per day from Temu and Shein alone to Germany (2025)
- Across the EU: approx. 12 million packages per day, 91% from China
- Capacity bottlenecks at customs and in last-mile delivery

Source: Own compilation based on Schwarz (2025), AllianzTrade (2025), ECC Cologne (2025), HDE (2026), and the European Commission (2025)

Regulatory Framework: Customs Reform, DSA, Competition Law

Various procedures and regulatory adjustments are currently underway or planned

Elimination of the duty-free limit + processing fee

Dec. 2025	EU Council decides to abolish the De Minimis Rule
July 2026	Flat rate of €3 per product type per shipment
Nov. 2026	€2 per product type per shipment
July 2028	EU Customs Data Hub: Standard Duties

DSA-Proceedings (VLOP)

Temu:	Oct. 2024	Proceedings initiated; allegations: illegal products, deceptive design, lack of algorithm transparency
	July 2025	Preliminary finding – Violation of Section 34 of the DSA (insufficient risk assessment)
	Mai 2026	The European Commission imposes a fine of €200 million
Shein:	Feb. 2026	Proceedings initiated; focus: illegal products, addictive design elements, opaque recommendation system

Competition Law

Oct. 2025 Federal Cartel Office proceedings against Whaleco Technology Ltd. (Temu).

Subject of the review: Pricing practices – (price cap set at 85% of the competitor's price) – unlawful vertical restriction of competition?

A precedent-setting case for C2M platforms in the EU

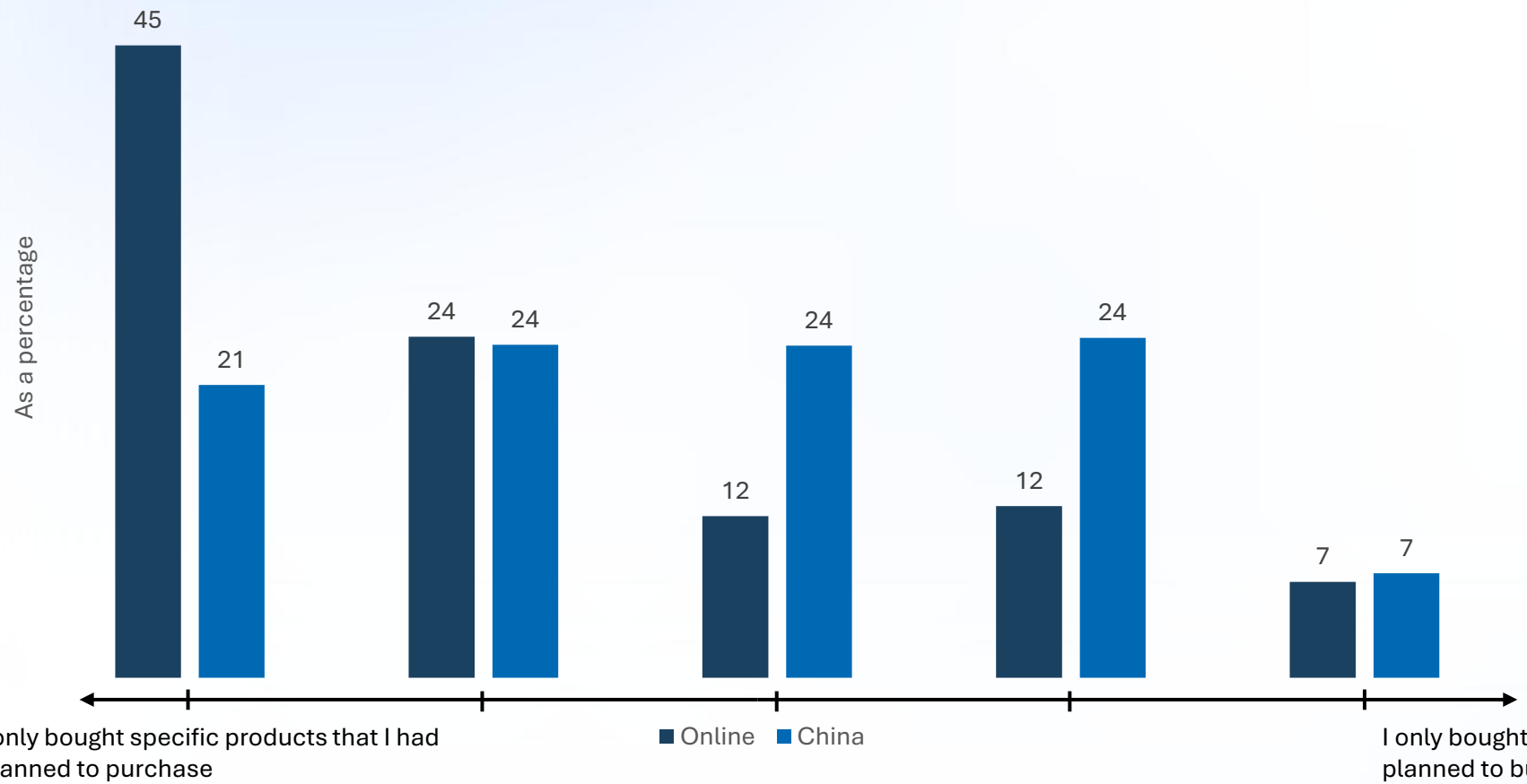
Source: Own compilation based on Council of the EU (2025, 2026), European Commission (2024, 2025a/b, 2026); Federal Cartel Office (2025)

02

Results of the Survey

Purchases on Chinese Platforms are significantly more spontaneous

The spontaneity of online shopping



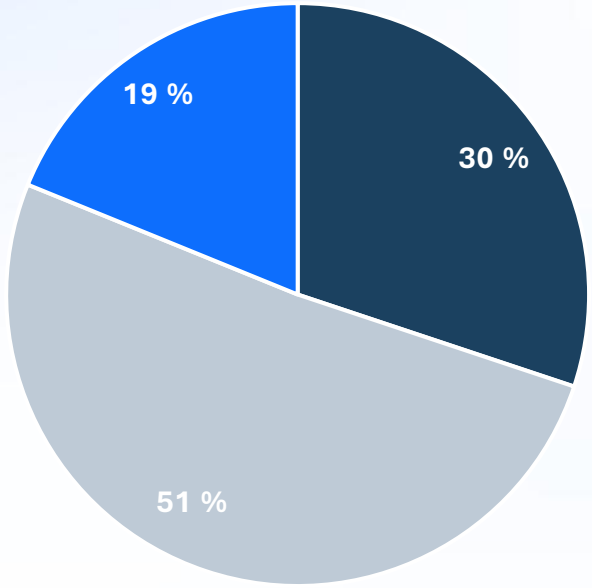
- Targeted purchases are twice as common in other online shopping as on Chinese platforms
- Relatively spontaneous purchases are twice as common on Chinese platforms
- On a scale from 0 (targeted) to 1 (spontaneous)
  - Chinese platforms: 0.43
  - Other online shopping: 0.28
- Spontaneity decreases with age and increases with shopping frequency

"Please think back to your last online purchase. How would you describe that purchase?" / "Please think back to your last purchase on a Chinese online platform. How would you describe that purchase?"

Even without Chinese Platforms, many Products would still be purchased

Willingness to purchase if Chinese platforms were unavailable

If I hadn't been able to make my last purchase on a Chinese platform...



- ... I would have decided not to buy it
- ... if only I had bought the products somewhere else for the same price
- ... I would have bought the same products elsewhere at a higher price

- Without the Chinese platforms, over **70 percent** of users would have purchased the same items elsewhere at the same or a higher price
- About **19 percent** would even be willing to spend more elsewhere
- In contrast, about **30 percent** would choose not to make the purchase

"What would you have done if you hadn't been able to purchase the items from your last order on a Chinese online platform?"

15.4 Million Online Shoppers used Temu and Shein in the last 12 months

Nominal revenue has been declining



15.4 Million

shoppers at Temu/Shein



7.9 x

per year a user makes purchases from Temu/Shein.



36 €

is spent on average per purchase at Temu/Shein.



4.4 Billion €

annual revenue generated by German consumers on Temu/Shein.

Source: HDE (2026)

2.4 Billion Euros are lost to the Retail Sector each Year due to Temu and Shein

Shift in spending in the German retail sector if Chinese platforms were unavailable

55 %

of spending on Chinese platforms would be spent on other online platforms or in brick-and-mortar stores, without this option



2.4 Billion €

in revenue is the German retail sector losing directly to Temu and Shein

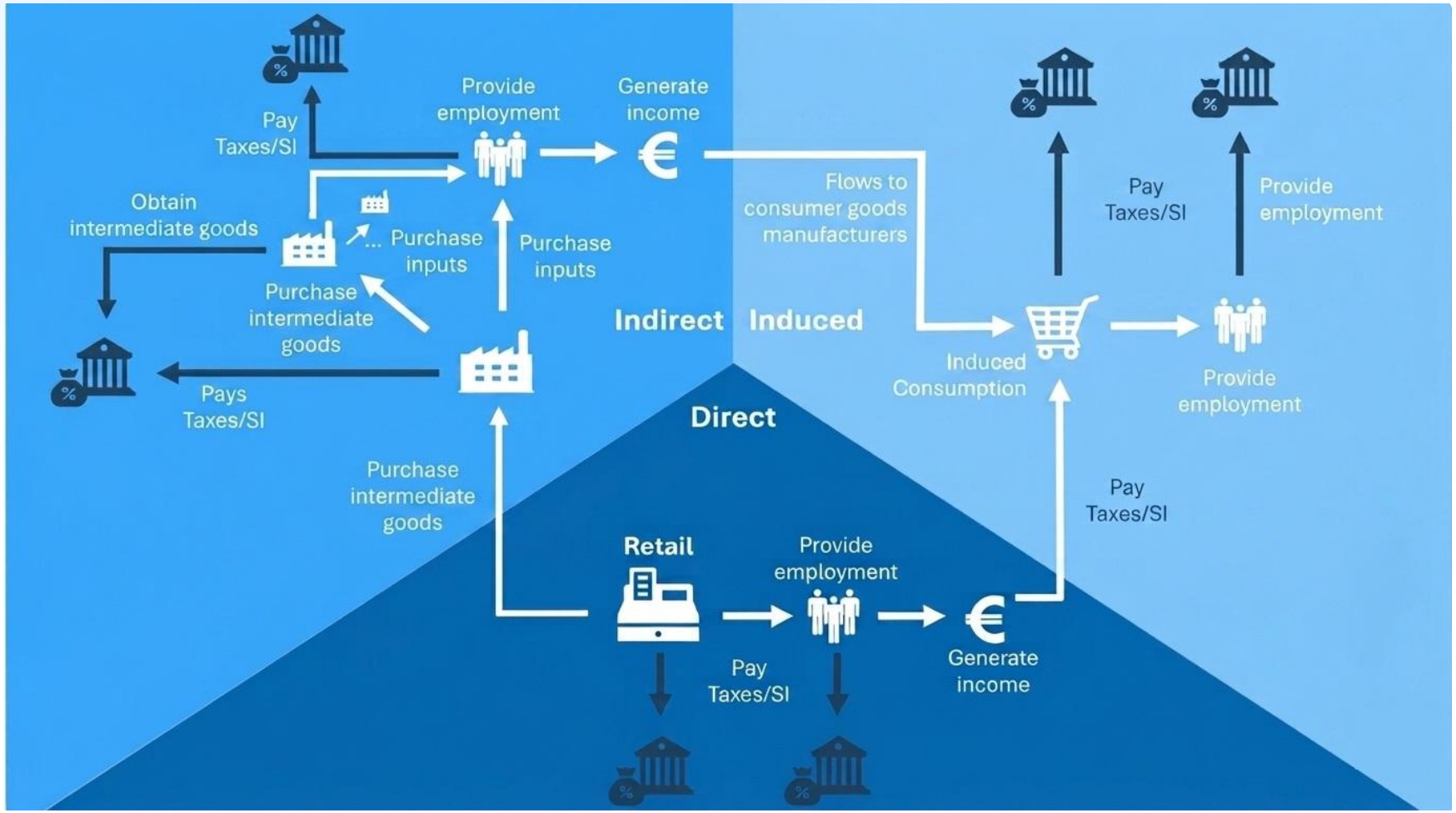
"If you hadn't been able to purchase the items from your last shopping trip on a Chinese online platform, would you have spent that amount instead at a non-Chinese online store or at a brick-and-mortar retail store?"

03

Economic Impact

A Lack of Demand has a wide Range of economic Consequences

Temu and Shein have direct, indirect, and induced economic impacts

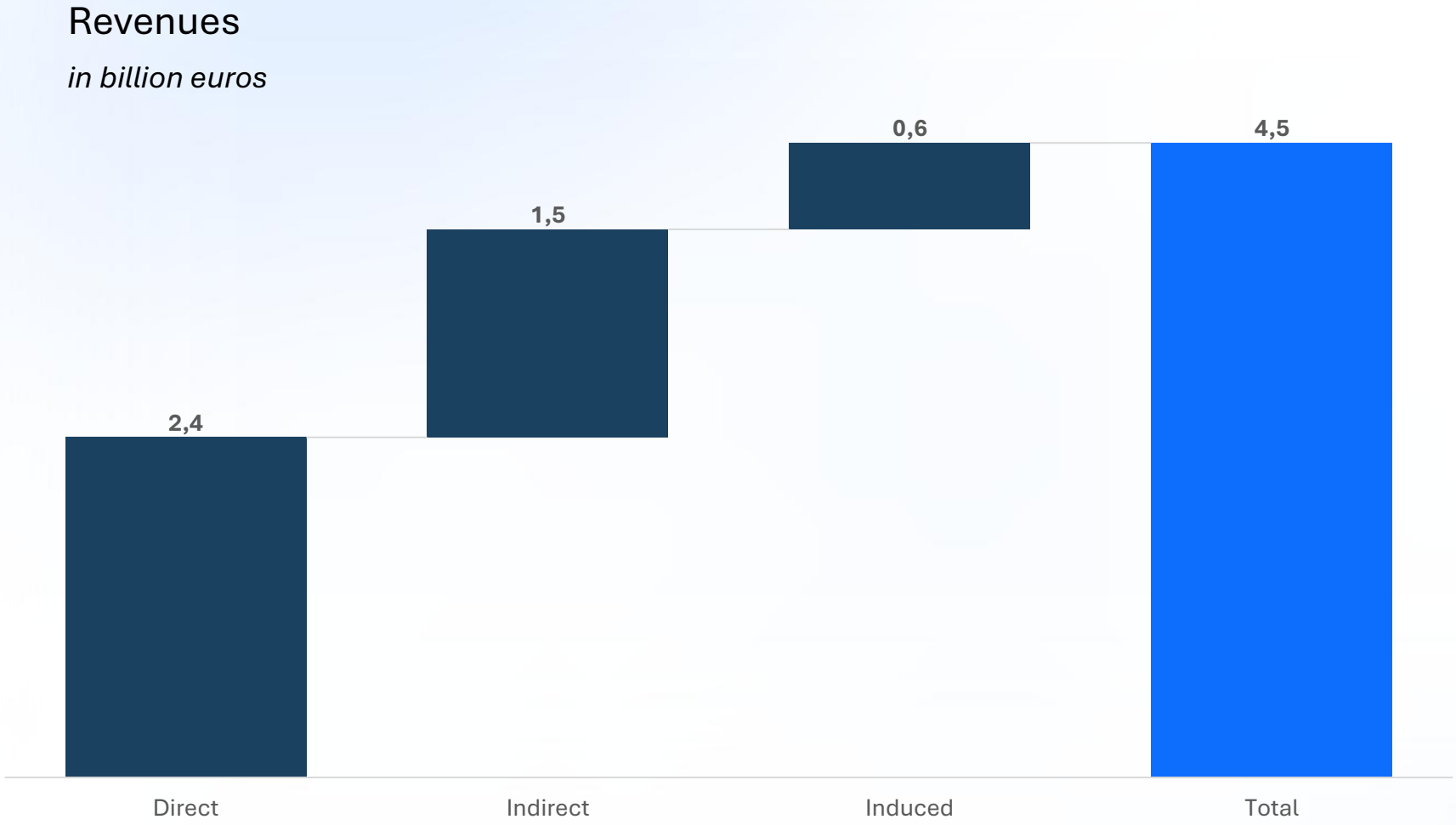


- The reduction in employment and value added caused by substitution effects constitutes the **direct effect**
- The resulting decline in intermediate consumption is described by the **indirect effect**
- The resulting decline in consumer spending, in turn, leads to lower value added and employment (**induced effect**)

Source: Own Illustration

4.5 Billion Euros Revenue loses German Economy due to Temu and Shein

Economic impact on company revenue



- In addition to the **2.4 billion euros**, there are a further **1.5 billion euros** in intermediate consumption
- Wages and salaries contribute an additional **0.6 billion euros** in consumer spending
- Every euro of retail sales generates approximately 1.9 euros in total economic output
- Of the total **4.5 billion** euros, **2.6 billion euros**—or **57 percent**—are attributable to the German retail sector

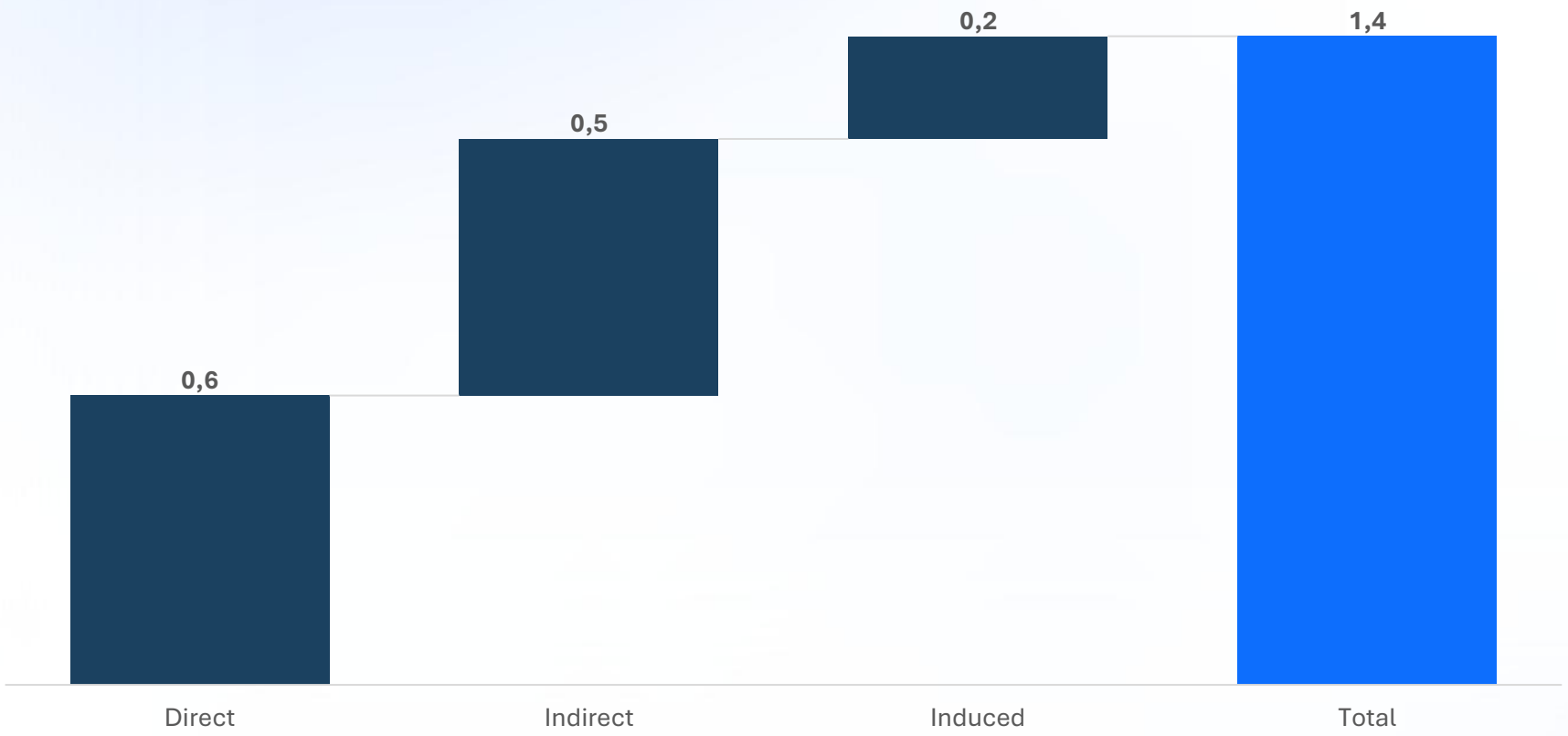
Source: Calculations by IW Consult (2026)

1.4 Billion Euros value added is slipping away from the German Economy

Economic impact in terms of value added

Value added

in billion euros

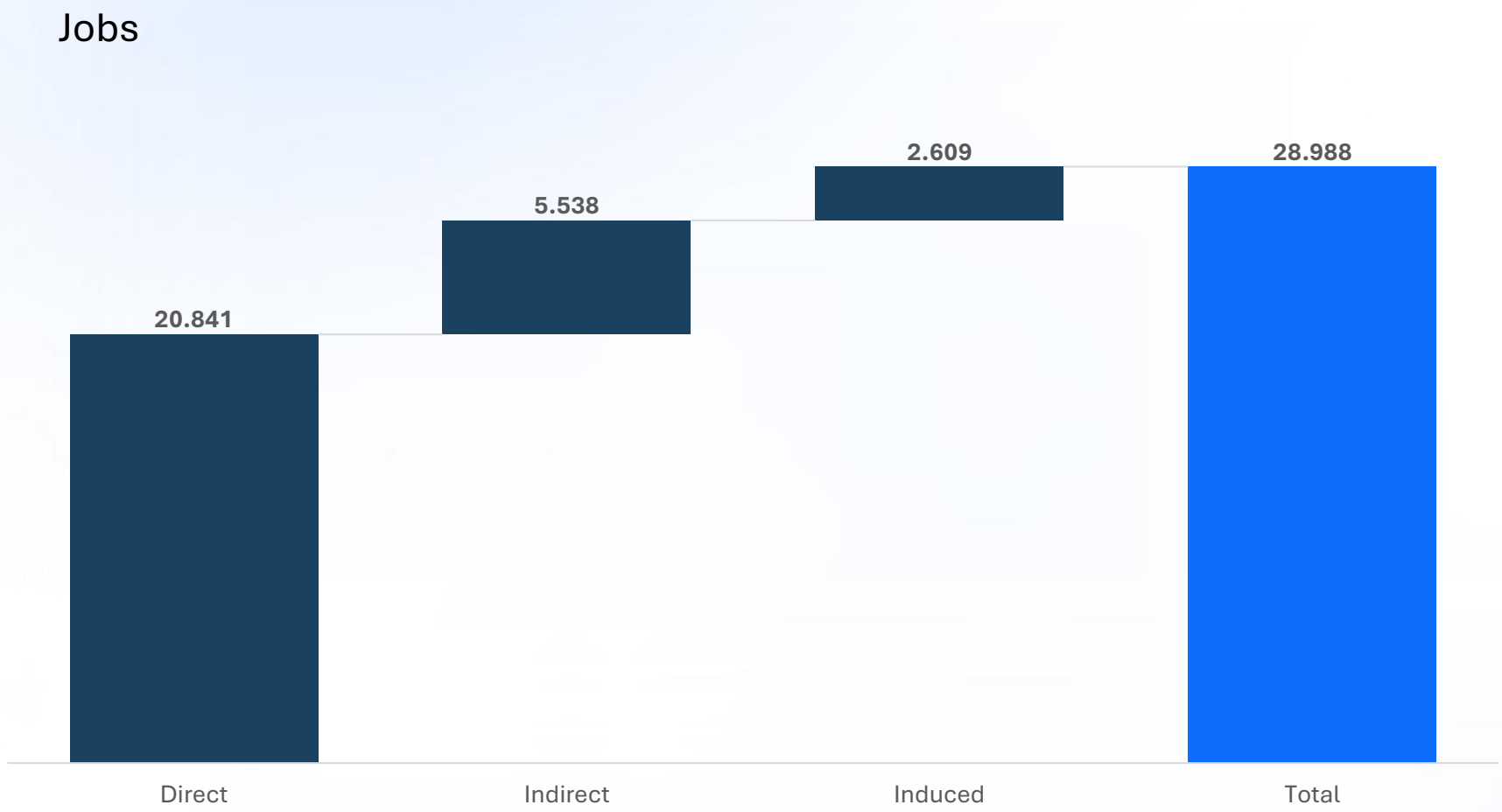


- The lost revenue in the German retail sector corresponds to **0.6 billion euros** in value added
- In addition, there are intermediate inputs amounting to **0.5 billion euros.**
- Wages and salaries contribute an additional **0.2 billion euros** in consumer spending
- Every euro of value added in the retail sector generates nearly 2.3 euros of value added across the entire economy

Source: Calculations by IW Consult (2026)

Almost 29,000 Jobs are lost due to Temu and Shein

Economic impact on jobs



- Chinese platforms are directly responsible for the loss of approximately **20,800 jobs** in the German retail sector
- An additional **5,500 jobs** are lost in upstream industries
- A further **2,600 jobs** are lost as a result of reduced consumer spending
- Each job in retail leads to 1.4 jobs across the entire economy

Source: Calculations by IW Consult (2026)

04

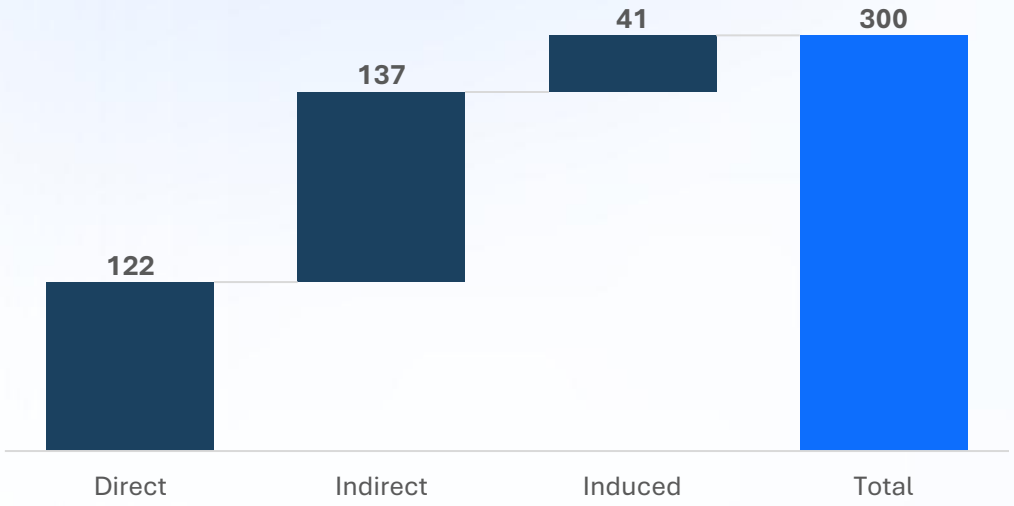
Fiscal Impact

Up to 300 Million Euros Tax revenue is lost due to Temu and Shein

Fiscal impact of Temu and Shein

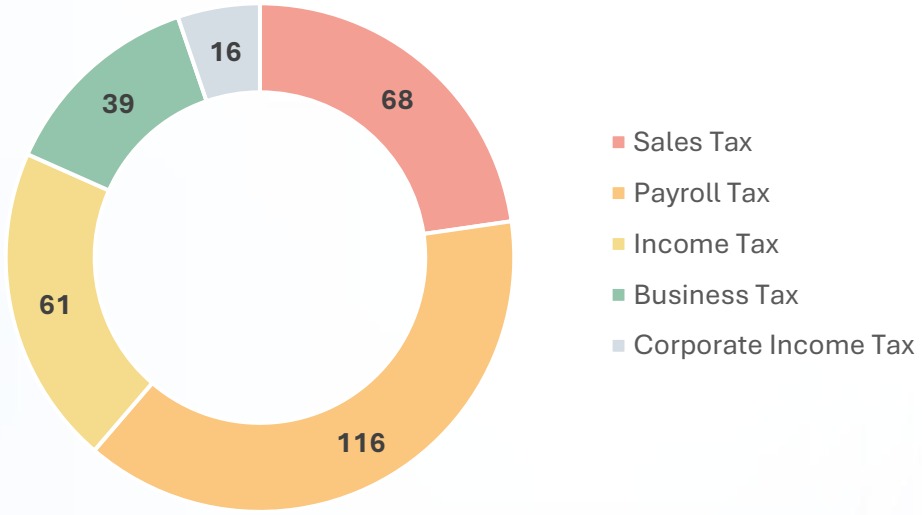
Fiscal impact

Tax revenue (in millions of euros)



Revenue by tax type

Tax revenue (in millions of euros)



- Consumers already pay sales tax when shopping on Temu or Shein—taxes that would not be collected if these platforms did not exist
- If estimates of tax evasion are taken into account, the elimination of these two Chinese platforms would result in an additional 68 million euros in sales tax revenue

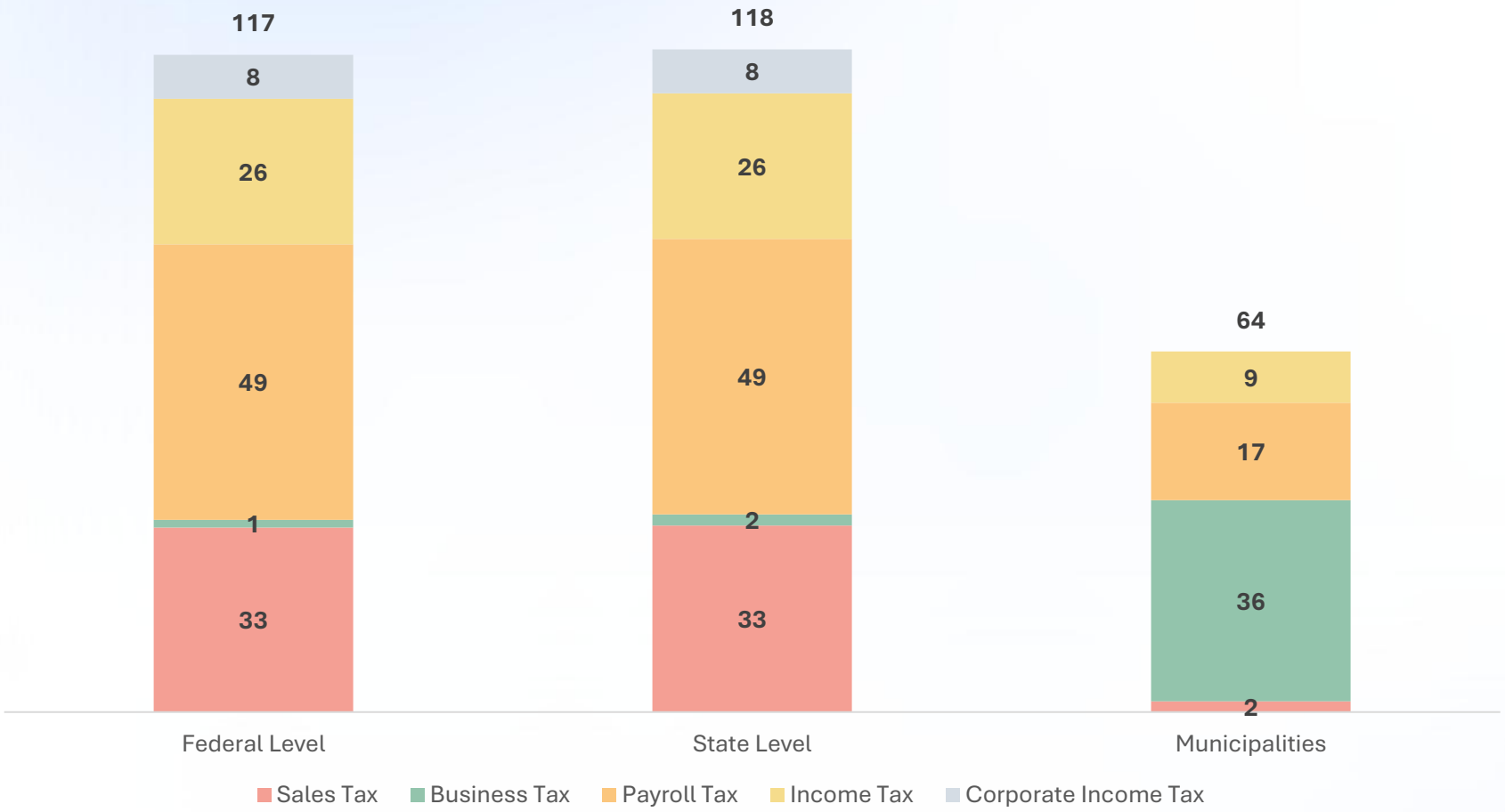
Source: Calculations by IW Consult (2026)

Federal and State Governments each lose almost 120 Million Euros annually

Fiscal impact by recipient

Distribution of total tax revenue

Tax revenue (in millions of euros)



- Without Temu and Shein, the federal and state governments would each generate almost 120 million euros in tax revenue; local governments would generate an additional 64 million euros.
- For both the federal and state governments, income tax accounts for the largest share.
- For local governments, business tax accounts for the largest share.

Source: Calculations by IW Consult (2026)

03

Introduction of Tariffs

Import duty leads to an 18 percent decline in sales

Behavioral Change Due to the Import Fee

- Division of respondents into two groups: purchases with and without import fees

- The group with import fees...



...shops **8,9 percent** less frequently,



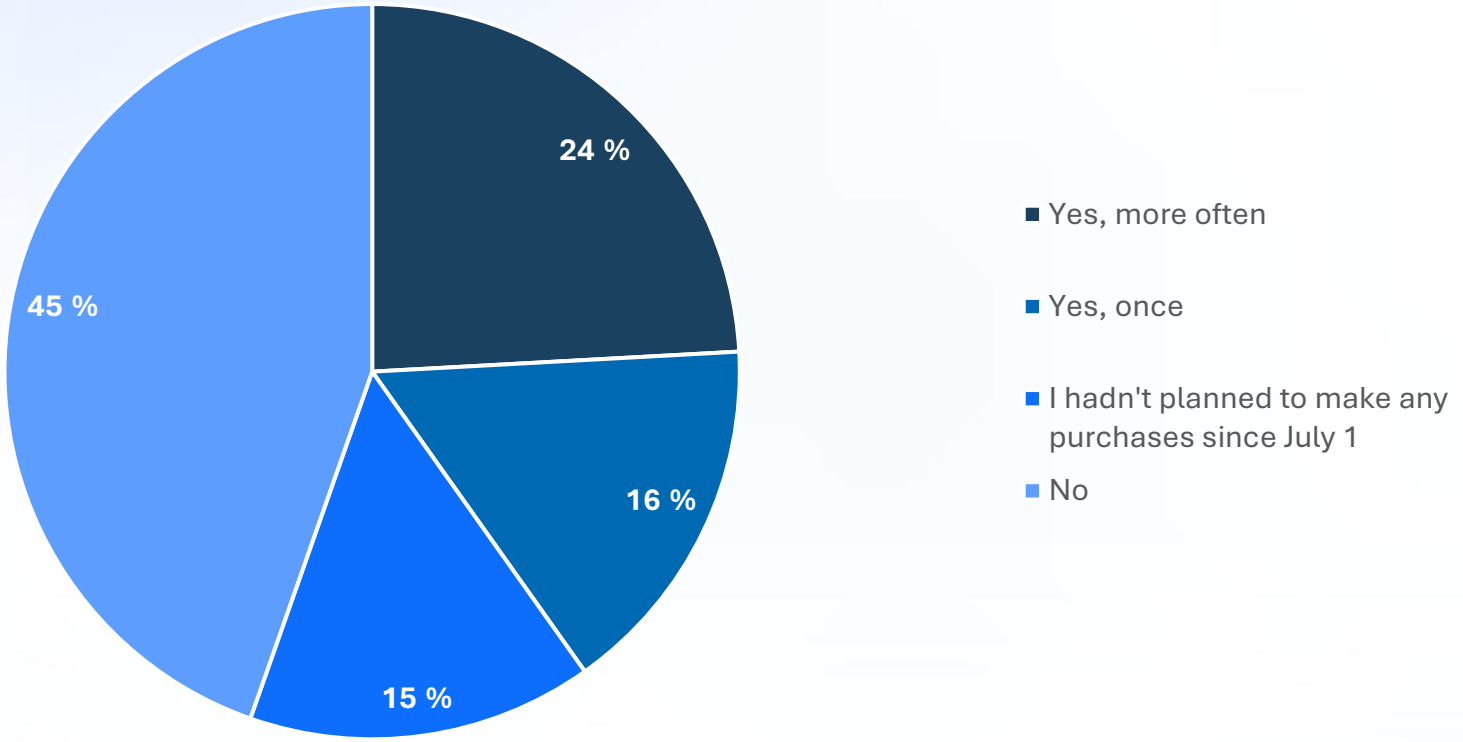
...and spends **3,6 percent** less per shopping trip, even though the fees increase prices

Overall, the import fee leads to an 18 percent decline in sales in the third quarter of 2026

Source: Calculations by IW Consult (2026)

40 percent of users did not make a purchase because of the fees

Have you postponed a planned purchase on Chinese online platforms since July 1 because of import fees?



Source: Calculations by IW Consult (2026)

64 percent will shop less frequently on these platforms

Do you think the introduction of the import fee will affect your future purchases from Chinese online platforms?



Source: Calculations by IW Consult (2026)

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