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### **Ending the Illegal Online Pet Trade: Recommendations for the Digital Services Act**

June 2021

#### **Summary**

The internet has rapidly become the main means to buy and sell pets<sup>1</sup> and although Member States<sup>2</sup> and experts agree that illegal pet ads are rife throughout the internet<sup>3</sup>, the online pet trade remains unregulated and fraudulent activity is difficult to detect. **Illegal pet sellers exploit the anonymity provided by the online marketplace, and the lack of seller identity verification in order to place an advertisement. Similarly, the origins of companion animals are untraceable, as there are no means for verifying their identifying data, such as microchip numbers and registration.**

To eliminate fraud and protect consumers, the Digital Services Act **should mandate online platforms to obtain and verify the information provided by sellers of animals through minimum validation checks on the identity of sellers and of animals against databases, utilizing cost-effective, GDPR-compliant authentication tools for seller and animal identification.** This would be in line with the “know your business customer” principle and the call for measures for safer trade as enshrined in Article 17 of the European Parliament Resolution of 12 February 2020 on protecting the EU’s internal market and consumer rights against the negative implications of the illegal trade in companion animals<sup>4</sup>.

#### **Context**

The industry around pets is expected to soar. The projected value of the pet food and healthcare markets alone is €21.38 billion (\$26.15)<sup>5</sup> and €10,95 million (\$13,392)<sup>6</sup> respectively for 2026, while pet ownership grows by 2% per year in the EU, that is already home to approximately 68 million dogs and 75 million cats residing in households<sup>7</sup>. Before the COVID-19 crisis, about 8 million puppies were needed to satisfy annual demand, and supply in terms of legitimate breeders’ capacity has been struggling to meet it<sup>8</sup>. The pandemic saw demand skyrocketing<sup>9</sup>, and illegal breeders and sellers stepped in to meet it<sup>10</sup>. The pandemic’s implications offered more opportunities to cash in: within 2020 demand doubled and saw spikes of up to 115% in searches for puppies online, while shortage in supply pushed prices up by five times the usual ones, with animals often sold for €2,500 - €3,000<sup>11</sup>.

The risks of the illegal trade extend well beyond animal welfare and into the realm of public health. Online sales speed up the transboundary movement of animals, often with weakened immune systems, including those from countries where rabies is endemic<sup>12</sup>. As 75% of infectious diseases emerge from zoonotic pathogens, and rabies is responsible for 59,000 deaths annually worldwide<sup>13</sup>, the public health threat for Europe is real<sup>14</sup>. The severe economic



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impact of low-cost breeding has also been documented and seen by the European Commission: illegal operators distort the single market by putting responsible breeders at a competitive disadvantage, and evidence shows that their tax evasion deprives governments of considerable revenue<sup>15 16</sup>.

### Which trade is illegal?

The illegal trade involves the breeding and selling of pets in a cost-effective way that breaches the veterinary public health and welfare rules set by the EU<sup>17</sup> and national legislation. The trafficking of underaged animals of poor health from holdings that are either unauthorized or violate EU law is eased by the lack of an EU rule to register the identification (microchip code), ownership (breeder, trader) and health information of all dogs and cats in databases in Member States. With time, the overreliance on the Pet Passport to certify this data has allowed sellers to forge documents, bypass the EU rules foreseen for trade and misuse those for the non-commercial movement of pets. Despite efforts of control authorities, including cross-border, illegally bred and traded animals increasingly find their way to the market via online channels.

### The illegal trade online

While 74% of EU citizens believe that cats and dogs in trade should be better protected<sup>18</sup>, poor regulation and **lack of a rule to verify the sellers' identification information has made online platforms the ideal channel to sell animals anonymously, and thus appeals to unscrupulous traders**<sup>19</sup>. Illegal pet ads and incidences of consumer deceit surge upwards<sup>20</sup> and marketplaces are a melting pot for the trade, hosting unregulated breeders, operators of so-called "puppy farms", where basic animal health and welfare standards are not met, and dealers to sell next to responsible breeders - yet it falls on consumers to detect fraud. Despite increased awareness of the illegal online pet trade, it is the adaptability of sellers and volume of ads - with about 438.000 dogs and 80.000 cats offered at any given moment in the EU<sup>21</sup> and up to 1.800 new puppy ads posted daily on single sites (worth over €1 billion annually) - that make it impossible for consumers and content moderators alike to identify illegal content<sup>22</sup>.

### What do platforms do?

Mostly voluntary, the steps taken by platforms have failed to bring seller traceability and deter fraud. Email verification is widely used to "verify" the advertiser, approve him, and create a sales account. Illegal sellers can therefore have multiple email accounts to advertise under various profiles. To discourage illegal ads, some platforms require that the breeder's name, registration number and contact, and the animal's microchip number are submitted as mandatory fields. Yet, none of this data is checked against the database that holds it. Fraudsters can provide information that is either falsified or copied from legitimate breeders and does not correspond to their activity. A few marketplaces have recently established



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paywalls for placing pet ads, a welcomed step in the right direction, however this is demonstrably unfit as a means to secure swift traceability, as the process to determine the identity of a seller via the transaction code is a complex one for authorities to pursue.

### Where does the EU stand?

**The illegal trade in companion animals is recognized by the EU Strategy to tackle Organised Crime (2021-2025) as a persisting matter with severe implications<sup>23</sup>** which the Commission is aware of, including through an independent study performed upon its request. Recently, an EU Coordinated Control Plan demonstrated the level of misconduct in online pet sales and scale of illegal trade, with ads of trafficked, underaged, unvaccinated or sick animals with fake documents, and a serious mismatch between the sellers' status (private or commercial) and size of activity<sup>24</sup>. While some countries make efforts to control it, this much overlooked transboundary crime must be viewed as a European matter, and it is through EU action that the advertising of companion animals online must be addressed by strengthening the duties of platforms hosting and making them available to the public.

For this reason, the Commission's expert group "EU Platform on Animal Welfare" endorsed recommendations for safer animal advertising, that include the use by platforms of automated verification tools against databases for seller and animal traceability. This very measure was highlighted at an event report endorsed by the Croatian Presidency, wherein 93% of the attending experts, including from EU institutions, Ministries and the veterinary sector, stressed that **platforms like OLX and eBay Kleinanzeigen should be responsible for verifying the seller's information** (e.g. seller identity, animal registration) before an ad goes live<sup>25</sup>. Also, 90% thereof believe that **all breeders and sellers of cats and dogs must be traceable and registered**.

### What could the DSA do?

To bring an end to the illegal trade of animals online, the Digital Services Act should:

- Recognise "illegally traded animals" as an example of illegal content.
- Introduce effective due diligence process for advertisement approval.
- Apply proactive and preventive information verification processes for the validity of the submitted information.
- Not enable publications known to be false or misleading.
- Ensure the legal framework is fit for long-term challenges and technological developments by providing a legal basis for delegated and implementing acts laying down rules on unregulated specific sectors that necessitate better online control.

To phase out unfair commercial practices and misleading advertising, we believe that platforms must ensure seller traceability by verifying the information required to advertise. **To that end the DSA should mandate the use of application programming interfaces to**



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**validate against databases the provided identification information of the seller and the safety information of the product** (e.g. labelling and registration number, where applicable, for the mitigation of risks posed by specific types of products). For the pet trade this could mean that only animals registered under identifiable, thus traceable, sellers would be advertised. Europetnet's PetSAFE tool<sup>26</sup> provides the means for such a back-end check. **We trust this safety measure is not a burden for service providers, as any costs incurred on businesses are offset by reducing fragmentation across the single market.**

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<sup>1</sup> EU Dog & Cat Alliance, Online Pet Sales in the EU: what's the cost? (2017) [https://s3.eu-west-1.amazonaws.com/assets.dogandcatwelfare.eu/live/media/publicationtemp/12195\\_-\\_EU\\_Pet\\_sales\\_report\\_spreads.pdf](https://s3.eu-west-1.amazonaws.com/assets.dogandcatwelfare.eu/live/media/publicationtemp/12195_-_EU_Pet_sales_report_spreads.pdf)

<sup>2</sup> European Commission, Analysis of the results of the EU Coordinated Control Plan on online sales of dogs and cats (2019) [https://ec.europa.eu/food/animals/welfare/other\\_aspects/online\\_dog-cat\\_en](https://ec.europa.eu/food/animals/welfare/other_aspects/online_dog-cat_en)

<sup>3</sup> Eurogroup for Animals, The Illegal Pet Trade: Game Over (2020) [https://www.eurogroupforanimals.org/sites/eurogroup/files/2020-09/Eurogroup%20Illegal%20pet%20trade%20report\\_v7.pdf](https://www.eurogroupforanimals.org/sites/eurogroup/files/2020-09/Eurogroup%20Illegal%20pet%20trade%20report_v7.pdf)

<sup>4</sup> European Parliament resolution of 12 February 2020 on protecting the EU's internal market and consumer rights against the negative implications of the illegal trade in companion animals (2019/2814(RSP)) [https://www.europarl.europa.eu/doceo/document/TA-9-2020-0035\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-9-2020-0035_EN.html)

<sup>5</sup> Market Data Forecast, Europe Pet Food Market By Ingredient (Animal Derivatives, Fish Derivatives, Fruits & Vegetables, Cereals & Cereal By-products, Fats & Oils, Vitamins & Minerals, Additives), By Animal Type (Dog, Cat, Bird, Other Animals), And By Region -Industry Analysis, Size, Share, Growth, Trends, And Forecasts (2021-2026) (2020) <https://www.marketdataforecast.com/market-reports/europe-pet-food-market>

<sup>6</sup> Mordor Intelligence, Europe Veterinary Healthcare Market - Growth, Trends, COVID-19 impact, and Forecasts (2021 - 2026) (2020) <https://www.mordorintelligence.com/industry-reports/europe-veterinary-healthcare-market-industry>

<sup>7</sup> Statista, Estimated number of households owning at least one pet animal in Europe from 2010 to 2019 (2021) <https://www.statista.com/statistics/515192/households-owning-a-pet-europe/>

<sup>8</sup> FEDIAF, European Facts & Figures (2019) <http://www.fediac.org/who-we-are/european-statistics.html>

<sup>10</sup> FOUR PAWS, Puppy Trade in Europe (2013) <https://www.stop-puppy-mills.org/media/REPORT-EUROPEAN-PUPPY-TRADE.pdf>

<sup>11</sup> Forbes, Pandemic Puppies: Tackling A Growing Problem (2021) <https://www.forbes.com/uk/advisor/pet-insurance/pandemic-puppies/>

<sup>12</sup> Public Health England, Rabies risks in terrestrial animals by country (2020) <https://www.gov.uk/government/publications/rabies-risks-by-country/rabies-risks-in-terrestrial-animals-by-country>

<sup>13</sup> Centers for Disease Control and Prevention, National Center for Emerging and Zoonotic Infectious Diseases (NCEZID), Division of High-Consequence Pathogens and Pathology (DHCPP), Rabies around the World (2020) <https://www.cdc.gov/rabies/location/world/index.html>

<sup>14</sup> RSPCA, Sold a pup. Exposing the breeding, trade and sale of puppies (2016) <https://view.pagetiger.com/RSPCAPuppyTradeReport>

<sup>15</sup> Specific Contract SANCO 2013/12364, Study on the welfare of dogs and cats involved in commercial practices (2015) [https://ec.europa.eu/food/sites/food/files/animals/docs/aw\\_eu-strategy\\_study\\_dogs-cats-commercial-practices\\_en.pdf](https://ec.europa.eu/food/sites/food/files/animals/docs/aw_eu-strategy_study_dogs-cats-commercial-practices_en.pdf)



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<sup>18</sup> Special Eurobarometer 442, Attitudes of Europeans towards Animal Welfare (2016)

<https://europa.eu/eurobarometer/surveys/detail/2096>

<sup>20</sup> FVE, European vets call for better regulation of online pet trade (2020) <https://five.org/publications/european-vets-call-for-better-regulation-of-online-pet-trade>

<sup>21</sup> EU Dog & Cat Alliance, Online pet advertising in the EU: the cost continues to rise (2020) [https://s3.eu-west-1.amazonaws.com/assets.dogandcatwelfare.eu/live/media/publicationtemp/EUPAAG\\_Report\\_FINAL\\_low\\_res\\_4z4Y18B.pdf](https://s3.eu-west-1.amazonaws.com/assets.dogandcatwelfare.eu/live/media/publicationtemp/EUPAAG_Report_FINAL_low_res_4z4Y18B.pdf)

<sup>22</sup> VIER PFOTEN, Eine Kurzanalyse zum kriminellen Welpenhandel auf eBay Kleinanzeigen (2017) [https://media.4-paws.org/1/6/d/5/16d58581bbc5174377cd7dff07058a404eaf0d7a/2018\\_eBayKurzanalyse\\_VIERPFOTEN.pdf](https://media.4-paws.org/1/6/d/5/16d58581bbc5174377cd7dff07058a404eaf0d7a/2018_eBayKurzanalyse_VIERPFOTEN.pdf)

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<sup>26</sup> FOUR PAWS Model Solution for ending the illegal puppy trade (2019 – 2021)

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