

APPAREL AND ACCESSORIES

France moves to ban luxury brands from destroying overstock goods

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Chanel is one of the French luxury brands that could be impacted. Image credit: Chanel

By STAFF REPORTS

The French Senate has approved legislation that would ban the destruction of unsold non-food items, including luxury goods and cosmetics, as overstock practices continue to draw scrutiny.

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Annually, nearly 1 billion euros worth of unsold non-food items are discarded or destroyed in France, according to *The Telegraph*. Some luxury companies have admitted to destroying finished goods to prevent items from being sold in the "gray market," a strategy used to avoid diminishing their brands.

Overstock challenges

The new French legislation encompasses clothing, shoes, cosmetics, textiles, electronics and other products.

Under the new circular economy regulation, brands that produce, import or distribute these goods in France must sell or reuse unsold items that do not pose health or security risks. Online companies, such as luxury ecommerce retailers Farfetch or Net-A-Porter, would also be subject to the new law.



All luxury brands that sell in France will be subject to the new regulations. Image courtesy of Burberry

The bill is set to go into effect between 2021 and 2023. Brands could face fines of up to 15,000 euros, or about \$16,400 at current exchange, for failure to comply.

As brands and consumers alike increasingly prioritize strong sustainability practices, some luxury retailers have come under fire for destroying unsold goods. Swiss conglomerate Richemont and British fashion house Burberry are among the brands that have been criticized.

High-end brands cite protecting intellectual property and preventing counterfeiting as the main motivations for destroying their own goods. The online gray market is also of growing concern.

There are countless options for consumers to buy luxury goods from unauthorized third-party sellers. These legal, non-counterfeit products are commonly sourced from overflow stocks and then sold via an unauthorized distribution channel, often with discounted prices and savvy digital practices to court consumers ([see story](#)).

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