

E-commerce: Ban on unjustified geo-blocking and discrimination practices among customers

In May 2016, the European Commission proposed a new regulation that prohibits online sellers of physical goods and of some types of electronically supplied services and content from discriminating among customers based on their nationality or place of residence within the European Union. The Parliament is expected to vote on the proposal during the February I plenary session.

Background

E-commerce is [growing](#) in the European Union. However, European Commission [investigations](#) have shown that two in three cross-border shopping attempts in the EU fail today because of [geo-blocking](#) and discrimination practices that, for instance, prevent online customers from accessing and purchasing a product or a service from a website based in another Member State, or automatically re-route them to a local site.

European Commission proposal

In May 2016, in order to foster e-commerce and cross-border access to goods and services in the EU, the Commission proposed a [new regulation](#) to prevent traders from discriminating between online customers on the basis of their nationality, place of residence or place of establishment within the EU.

European Parliament position

On 25 April 2017, Parliament's Committee on the Internal Market and Consumer Protection (IMCO) adopted its [report](#). Interinstitutional negotiations resulted in a trilogue agreement in November 2017. The main points of the agreed text are the following: **Ban on unjustified geo-blocking practices.** Geo-blocking practices are banned, (i) when customers buy online goods (e.g. clothes) to be delivered or collected at a specific location, (ii) when they receive electronically supplied services (e.g. cloud services, web hosting), or (iii) when they receive a service outside their place of residence (e.g. hotel booking, car rental). In these situations, online sellers cannot discriminate between customers on the basis of their nationality or place of residence, for instance by blocking some customers on the basis of their IP addresses, re-routing customers to a different website without their consent according to their IP address, or charging additional fees to customers from different Member States. **Limits.** The online traders will still be able to offer different terms and conditions to certain groups of customers. Furthermore, the text clarifies that the new legislation does not impose an obligation to sell and deliver goods cross-border (to another Member State) when the trader does not offer this service to its customers. **Scope of the regulation and copyright.** Some services such as financial, transport, electronic communication and healthcare services are excluded from the scope of the regulation. In addition, the co-legislators agreed that digital copyrighted content such as e-books, music or video games and audiovisual services (including movies and broadcasts of sport events) should not be subject to the regulation for the time being. **Review clause.** Negotiators agreed at the request of the Parliament to include a review clause, requiring the Commission to assess, within two years after the entry into force of the regulation, whether to extend the scope of the regulation, in particular to digital copyrighted content and audiovisual services. The Council [endorsed](#) the compromise text on 29 November 2017, which must now be voted in plenary.

First-reading report: [2016/0152\(COD\)](#); Committee responsible: IMCO; Rapporteur: Róża Gräfin von Thun und Hohenstein (EPP, Poland). See also our '[Legislation in Progress](#)' briefing on the proposal.

