



**2015/2147(INI)**

4.12.2015

# **OPINION**

of the Committee on Economic and Monetary Affairs

for the Committee on Industry, Research and Energy and the Committee on the Internal Market and Consumer Protection

on Towards a Digital Single Market Act  
(2015/2147(INI))

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## SUGGESTIONS

The Committee on Economic and Monetary Affairs calls on the Committee on Industry, Research and Energy and the Committee on the Internal Market and Consumer Protection, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Stresses that sustainable economic growth in Europe can only be achieved by developing sectors characterised by high economic added value; encourages, therefore, all the efforts made by the Commission in supporting the transition towards a digital economy; stresses the need to establish global links and to overcome the current fragmentation of national rules on digital services; calls on the Commission to comply with the planned schedule aimed at achieving a true Digital Single Market based on fair competition and a high level of consumer protection;
2. Emphasises that the positive impact of the digitisation of financial services in terms of cost-effectiveness and improved, 'tailor-made' services for customers have the potential to provide friendly financial products and services that simplify consumers' experience;
3. Highlights the importance of the Digital Single Market for the European economy; recalls that, according to Commission estimates, the development of the Digital Single Market could contribute EUR 415 billion a year to the European economy and create 3.8 million new jobs; stresses that not only is the digital sector growing at a sustained rate, but digital technologies also offer new possibilities in traditional sectors of the European economy;
4. Sees the digitisation of the economy as an ineluctable and beneficial development that is spurring progress, growth and innovation among European companies, not least SMEs, and believes it should be supported;
5. Invites the Commission to promote the 'digital first' approach in the functioning of public institutions and the design of legislative acts; considers that the 'digital first' strategy could bring benefits in terms of cost savings, environmental sustainability and better services, thus reducing the gap between citizens and the European institutions;
6. Notes that, in order to achieve economic convergence across European regions, the digital divide must be reduced substantially and fair, open and non-discriminatory access to the internet guaranteed for all European citizens and companies, especially SMEs; stresses that internet access should be regarded as a public good which is increasingly important to daily life; encourages further public and private investment in infrastructure to enable the development of the internet to reach the EU's peripheral regions; calls on the Commission, in this context, to reconsider the current application of State aid rules; welcomes the intended efforts of the European Fund for Strategic Investments in this area;
7. Considers that, for the effective establishment of a Digital Single Market, end-users must be confident that consistent protection standards are safeguarded, and businesses assured that they can rely on a common and fair regulatory framework that enforces similar rules for similar services;
8. Welcomes the adoption of the revised Payment Services Directive; stresses that, if the

Union is to enhance EU-wide e-commerce, pan-EU instant e-/m-payments under a common standard and the appropriate implementation of the revised Payment Services Directive must be achieved without delay;

9. Points out that in spite of the high unemployment rates in the EU, many jobs remain vacant owing to the shortage of matching skills; notes that if the economic opportunities offered by the Digital Single Market are to be exploited, it is essential to pursue employment and education policies designed to improve Europeans' digital skills; calls on the Commission to draw up programmes to help achieve those aims;
10. Considers that pan-European e-/m-payment systems ('e-SEPA') spur cross-border e-commerce through more efficient and faster retail payments; notes that valuable lessons can be drawn from the experience gained with schemes such as Faster Payments and PayM;
11. Points out that for the digital economy to flourish, access to capital for both new and existing enterprises, in particular SMEs and micro-enterprises, must be improved; welcomes the Commission's work on the Capital Markets Union, which provides alternative funding sources for Europe's businesses and for long-term projects and is thus complementary to the Digital Single Market strategy; encourages further consultation, the evaluation of existing legislation, the dissemination of best practices in areas such as crowd-funding and peer-to-peer lending, and further stimulus for venture capital regimes in the EU;
12. Stresses that it is crucial that the Digital Single Market be underpinned by an efficient and customer-friendly payment system; welcomes the progress made in recent years in enabling access, enhancing competition, improving security and facilitating cross-border activities in the payment services market (for example through SEPA, the new Payment Accounts Directive, the new regulation on interchange fees and the revised Payment Services Directive); emphasises that additional measures should be considered in coming years in order to keep up with innovative developments and to pave the way for further cross-border integration;
13. Calls for the European Securities and Markets Authority to support innovations in regulated sectors such as post-trade infrastructure and data reporting, so as to ensure that regulation is not used as a barrier to entry by existing market players in order to hinder the development of new technologies which could increase efficiency and reduce costs, such as block chain and distributed ledger technology;
14. Points out that cybersecurity is central to the establishment of the Digital Single Market, especially in the banking and financial sector, payment systems and e-commerce, and therefore calls on the Commission to monitor threats, first and foremost from computerised fraud and cyber-attacks, to strengthen prevention measures, to lay down a framework for a coordinated, Europe-wide response to cybercrime, and to devise Europe-wide awareness campaigns to alert EU citizens to threats to cybersecurity;
15. Calls on the Commission to take full account of the specificities of financial data and the needs of global regulators and supervisors when negotiating data privacy and data sharing agreements;

16. Stresses that it is essential to have simple, efficient and safe payment systems in order to enable the Digital Single Market to develop and grow; welcomes the advances vis-à-vis EU legislation on payment systems; calls on the Commission to take these developments into account when implementing its Digital Single Market strategy;
17. Considers that digital technologies will open up access to credit for many who have traditionally been excluded from the banking and financial system, thus promoting social and economic development; calls on the Commission to devise an inclusion strategy enabling weaker population groups to gain access to the Digital Single Market and hence to new financial and banking services;
18. Believes that the existing tax framework cannot continue to be applied, given the specificities of the digital economy; considers that, with due respect for national competences, more coordination on taxation is needed in order to prevent tax avoidance, tax evasion and aggressive tax planning practices, to prevent market distortion and unfair competition and to create a true European Digital Single Market; calls on the Commission to support extending the country-by-country reporting regime on taxes for multinational companies to all sectors, with the exclusion of SMEs and midcaps, to endorse the Common Consolidated Corporate Tax Base (CCCTB) proposal, and to support the adoption of digital technologies and best practices with a view to facilitating the more efficient and timely capture of tax-related data; asks the Commission to take into account the latest recommendations of the Organisation for Economic Cooperation and Development anti-BEPS (base erosion and profit shifting) project;
19. Considers it a priority to develop a simplified, uniform and consistent online VAT system in order to reduce compliance costs for small and innovative companies operating across Europe; calls, furthermore, for the principle of tax neutrality to be fully respected regardless of form, be it physical or digital; calls on the Commission to submit a proposal, in accordance with the commitments made and as soon as possible, to allow Member States to reduce VAT rates for the press, digital publishing, books and online publications; notes that under the current EU VAT Directive Member States are entitled to apply a reduced VAT rate to cultural content; invites the Commission to facilitate the exchange of best practices between tax authorities and stakeholders with a view to developing appropriate solutions for the payment of taxes within the sharing economy; welcomes the introduction of the VAT Mini One-Stop Shop, which is a step towards ending the temporary EU VAT regime; is concerned, however, that absence of a threshold puts some SMEs in a difficult position as regards compliance with the regime; calls on the Commission to review the regime in order to make it more business-friendly;
20. Underlines the need to foster innovation and to promote a level playing field with the same operational, security and capital requirements for all financial operators in the digital economy;
21. Points to the particular taxation problems faced by SMEs when operating across borders; calls on the Commission, therefore, to explore options for tackling these obstacles to SMEs;
22. Stresses the importance of electronic identification and trust services in increasing the volume and quality of electronic trade with a view to growth; calls, therefore, on the Member States to take all necessary measures to implement Regulation (EU) No 910/2014

on electronic identification and trust services for electronic transactions in the internal market (the eIDAS Regulation) by 1 July 2016;

23. Supports the Commission's decision to launch a public debate with two consultations on geo-blocking and on platforms, online intermediaries, data, cloud computing and the collaborative economy; stresses that a definition of 'platform' is needed in order to have a clear point of departure for a review under competition law; encourages the Commission to create a business environment ensuring the development of innovative ideas, the protection of work standards, fair competition and a level playing field for digital services; acknowledges that the rapid rate of technological development in the digital market calls for a technologically neutral framework for future initiatives;
24. Regrets the lengthy duration of the investigations into Google's practices and the fact that these investigations have already dragged on for several years without any final results; welcomes, therefore, the Statement of Objections sent by the Commission to Google concerning its comparison-shopping service; calls on the Commission to continue to examine determinedly all the concerns identified in its investigations, including all other areas of vertical search, as this is ultimately part of ensuring a level playing field for all market players in the digital market;
25. Welcomes the Commission's intention to put an end to unjustified geo-blocking practices that reduce consumer choice; considers it essential to ensure the appropriate implementation of Article 20(2) of the Services Directive, which prohibits discrimination in the provision of services on the basis of nationality and/or place of residence, and Article 8(3) of the Consumer Rights Directive, which requires trading websites to indicate, at the latest at the beginning of the ordering process, whether any delivery restrictions apply and which means of payment are accepted;
26. Believes that digital payment services are crucial to the economy; calls on the Commission to remove any barriers to paying online in the Union and to ensure that all commercial EU websites which accept payment services such as online banking and credit cards do not discriminate on the basis of the Member State of registration of these payment services;
27. Believes that the development of a European digital economy requires a sufficient level of competition and plurality of service providers, and stresses that the presence of network effects allows for the creation of monopolies and oligopolies; supports the Commission's efforts in preventing market abuses and upholding consumers' interests; encourages the Commission to remove barriers to entering the digital economy in sectors with few dominant players, except where needed for prudential purposes or to protect consumers' rights; calls on the Commission to combat discriminatory practices in all sectors of the digital economy, including online shopping and online payments, search and social networks, and net neutrality, as a further way of opening the market to competition;
28. Points to the importance of the data economy for the development of the Digital Single Market; notes that the threat to personal privacy constitutes a major challenge, for it affects trust in the digital environment; calls on the Commission to assess the levels of transparency, use of information and abusive use of personal data on online platforms, and to propose adequate regulation if needed;

29. Welcomes the Commission's launch of the public consultation on modernising VAT for cross-border e-commerce in September 2015, and perceives it as a crucial first step in order to simplify the way VAT is settled in cross-border online transactions; calls on the Commission to assess the results of this public consultation and report them to Parliament and a wider public once it has ended;
30. Stresses that consumers should enjoy the same level of protection regardless of what products they purchase and where, i.e. on e-commerce platforms or through traditional commerce;
31. Stresses that a thorough analysis of different types of 'sharing economy' platform should be carried out with a view to ensuring that relevant legislation allows the development of these services, in order to enable new forms of consumption and production while at the same time guaranteeing high levels of consumer protection;
32. Welcomes the Commission's initiative for a new e-government action plan; notes that interoperable e-signatures and the related eIDAS Regulation are highly relevant for the Digital Single Market in financial services, providing new tools for banks and insurance companies, such as electronic identification for the digital onboarding process and e-signature instruments for contracts and payments;
33. Believes that, while more should be done to remove barriers to entry for new and emerging digital businesses, those businesses must at the same time be required to comply with long-standing domestic regulations such as those covering taxation, health and safety, and workers' rights, and must operate to the same high standards required of existing businesses in these areas;
34. Stresses the importance of accompanying the development of the Digital Single Market with an up-to-date and effective framework so as to ensure e-business continuity and protection against cybercrime, particularly in critical areas such as banking services;
35. Points out that the economic principles which have defined the development and spread of the internet, namely network neutrality, openness and non-discrimination, are being undermined by the spread of closed ecosystems within the web; maintains that the emergence and growth of such ecosystems, and the oligopoly-based structure that they have created within the market in digital services and goods, are adversely affecting consumer interests and innovation, and in the long term may therefore even jeopardise the development of the Digital Single Market;
36. Calls on the Commission to take the initiative quickly with a view to amending the legislation to reflect technological progress and eliminate a serious obstacle to the development of the e-book and e-paper market;
37. Stresses that the Commission must continue to enforce antitrust rules, particularly the regulation on vertical restraints and the accompanying guidelines, to ensure that the special rules on selective distribution are not used to restrict the availability of products via online commerce channels, and to prevent competition to the detriment of consumers;
38. Considers that the distinguishing characteristics of the digital economy, stemming in particular from the fact that marginal costs tend to diminish – falling to zero – and

network effects are strong, are conducive to economies of scale and hence to concentration; calls on the Commission to devise a competition policy that takes into account the specific features of the digital economy and the related challenges;

39. Calls on the Commission to prepare a bold proposal to review the VAT Directive (2006/112/EC) in order to make the cross-border VAT system clearer and less burdensome for businesses, especially SMEs;
40. Points out that overlapping collaborative and market economy models could distort free competition in some markets; calls on the Commission to work towards a regulatory framework which, while promoting the development of the collaborative economy, will keep the playing field level and ensure compliance with EU legislation, in particular on tax and labour law matters;
41. Notes that the development of the Digital Single Market could be helped by the presence of innovation clusters within the EU, that is to say, geographical areas with a high concentration of digital enterprise and skills; calls on the Commission to encourage the further development of such areas and the dissemination of best practice and knowledge;
42. Points to the importance of business incubators, business angels and a variety of stakeholders and agencies, both public and private, working to develop businesses in the digital sector; calls on the Commission to establish a strategy enabling these stakeholders to become involved in the development of the Digital Single Market and laying the foundations for a European network of business incubators.



## RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	1.12.2015
<b>Result of final vote</b>	+: 49 -: 8 0: 2
<b>Members present for the final vote</b>	Gerolf Annemans, Burkhard Balz, Hugues Bayet, Pervenche Berès, Udo Bullmann, Esther de Lange, Fabio De Masi, Anneliese Dodds, Markus Ferber, Jonás Fernández, Sven Giegold, Sylvie Goulard, Roberto Gualtieri, Brian Hayes, Gunnar Hökmark, Danuta Maria Hübner, Petr Ježek, Othmar Karas, Georgios Kyrtsos, Werner Langen, Sander Loones, Bernd Lucke, Olle Ludvigsson, Ivana Maletić, Costas Mavrides, Bernard Monot, Luděk Niedermayer, Stanisław Ożóg, Dimitrios Papadimoulis, Sirpa Pietikäinen, Dariusz Rosati, Pirkko Ruohonen-Lerner, Alfred Sant, Molly Scott Cato, Peter Simon, Renato Soru, Theodor Dumitru Stolojan, Marco Valli, Tom Vandenkendelaere, Cora van Nieuwenhuizen, Jakob von Weizsäcker, Steven Woolfe, Sotirios Zarianopoulos
<b>Substitutes present for the final vote</b>	Matt Carthy, Philippe De Backer, Ashley Fox, Doru-Claudian Frunzuliță, Ildikó Gáll-Pelcz, Marian Harkin, Barbara Kappel, Verónica Lope Fontagné, Paloma López Bermejo, Thomas Mann, Alessia Maria Mosca, Michel Reimon, Maria João Rodrigues
<b>Substitutes under Rule 200(2) present for the final vote</b>	Agnes Jongerius, Anneleen Van Bossuyt, Igor Šoltes