A digital single market in Europe

It is time to make Europe fit for the digital age — tearing down regulatory walls for online services could create hundreds of thousands of new jobs.
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The EU explained: Digital single market

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The EU single market offers European citizens and businesses significant freedoms and rights — to travel, trade or operate across the EU. These freedoms in turn mean innovations have the widest growth and spread, and citizens have the widest choices and opportunities.

But today an increasing number of products and services are going digital or online. Whether you’re watching films or bidding for government contracts, shopping or studying, chances are you are (or could be) using online tools to do so.

Europeans often face barriers when using such online tools and services. This is even though the EU has spent decades bringing down those barriers ‘offline’.

Those barriers can range from non-transparent and disproportionately high delivery charges, to deliberate ‘geo-blocking’ of services to restrict them to one country or region, to a lack of internet access or digital skills and a patchwork of different rules across the EU. Whatever the reason, it means Europeans are missing out:

- Citizens cannot benefit from the widest range of online goods and services or products, or from the many opportunities the internet offers;
- Internet companies and start-ups have their horizons limited — and cannot do business as widely as they would like — meaning fewer innovations and fewer new jobs;
- Businesses in the single market do not benefit from high-quality digital services.

Why do we need a digital single market?

**For people**
- To make shopping online easier
- To be able to choose goods and services from all European countries when buying online

**For business**
- To sell online more easily
- To sell online to 500 million European consumers

People in the EU could save €11.7 billion each year if they could choose from the full range of EU goods and services when shopping online.*
This is why we need to create a digital single market in Europe: it is one of the 10 priorities of the European Commission.

A digital single market means fewer barriers, more opportunities. It means a seamless area where people and business can trade, innovate and interact legally, safely, securely, at an affordable cost, making their lives easier. It means business able to fully use new technologies; and small businesses in particular able to cross the EU with ‘just a click’. This could contribute €415 billion per year to our economy and create hundreds of thousands of new jobs.

The Commission presented its digital single market strategy in May 2015. It includes a set of 16 new laws and measures. The Commission will make precise proposals for all of them by the end of 2016. Half of them were presented before the summer of 2016. New rules will have to be decided by the European Parliament and the Council of Ministers. The initiatives are grouped in three main pillars: ensuring access; ensuring the right environment for online innovation in Europe; and ensuring every European citizen, business and government can get the most value from the digital transformation.

It is all about more modern and more common rules on subjects like consumer protection, copyright and online sales.
Better access for consumers and businesses to digital goods and services across Europe

Unlocking e-commerce potential

- **15% of consumers** bought online from other EU countries in 2014 while **44%** did so domestically.

- EU consumers could save €11.7 billion each year if they could choose from a full range of EU goods and services when shopping online.

- Only **7%** of SMEs in the EU sell cross-border.

- Small online businesses wishing to trade in another EU country face around **€9,000 in extra costs** for having to adapt to national laws.

- If the same rules for e-commerce were applied in all EU Member States, **57%** of companies would either start or increase their online sales to other EU countries.

Affordable parcel delivery costs

- More than **90%** of e-shoppers consider **low delivery prices** and convenient return options as important when buying online.

- **62% of companies** that are willing to sell online say that too high delivery costs are a problem.

Tackling geo-blocking

- In **52% of all attempts** at cross-border orders the seller does not serve the country of the consumer.

- Geo-blocked

  - Fewer clients, less revenue for companies

Simplifying VAT arrangements

Small online businesses wishing to trade in another EU country face a VAT compliance cost of at least **€5,000 annually for each Member State where it wishes to supply.**

Modernising copyright

- **1 in 3 Europeans** is interested in watching or listening to content from their home country when abroad.

- **1 in 5 Europeans** is interested in watching or listening to content from other EU countries.

- An opportunity not to be missed: Images, films or music and games are the most popular online activities and digital spending on entertainment and media has double digit growth rates (around 12%) for the next 5 years.
Making cross-border e-commerce easier

The European Commission has presented a three-pronged plan to boost e-commerce by tackling geo-blocking, making cross-border parcel delivery more affordable and efficient and promoting customer trust through better protection and enforcement.

PREVENTING GEO-BLOCKING AND OTHER FORMS OF DISCRIMINATION BASED ON NATIONALITY OR PLACE OF RESIDENCE

The Commission has proposed legislation (a regulation) to ensure that consumers seeking to buy products and services in another EU country, be it online or in person, are not discriminated against in terms of access to prices, sales or payment conditions, unless this is objectively justified for reasons such as VAT or certain public interest legal provisions.

When a consumer enters a shop in another EU country, the owner does not ask for the consumer's ID in order to accept a purchase or to adjust the price or conditions. But in the online world, all too often consumers are blocked from accessing offers in other countries for example by re-routing the consumer back to a country-specific website, or asking to pay with a debit or credit card from a certain country. Such discrimination has no place in the single market.

While the principle of non-discrimination is already established under the services directive and the Commission has applied it in services sectors such as car rental companies or amusement parks, companies and consumers alike will benefit from more legal certainty about which practices are allowed and which ones are not. The regulation will provide this legal certainty and enforceability for products and services online or offline.

To avoid introducing a disproportionate burden on companies, the regulation does not impose an obligation to deliver across the EU and exempts small businesses that fall under a national VAT threshold from certain provisions.

MAKING CROSS-BORDER PARCEL DELIVERY MORE AFFORDABLE AND EFFICIENT

The Commission has proposed rules to increase price transparency and regulatory oversight of cross-border parcel delivery services so that consumers and retailers can benefit from affordable deliveries and convenient return options even to and from peripheral regions.

Consumers and small businesses complain that problems with parcel delivery, in particular high delivery charges in cross-border shipping, prevent them from selling or buying more across the EU. Prices charged by postal operators to deliver a small parcel to another Member State are often up to five times higher than domestic prices, without a clear correlation to the actual costs.

The regulation will foster competition by introducing greater price transparency. The Commission is not proposing a cap on delivery prices. Price regulation is only a means of last resort, where competition does not bring satisfactory results. The Commission will take stock of progress made in 2019 and assess if further measures are necessary.

The regulation will give national postal regulators the data they need to monitor cross-border markets and check the affordability and cost-orientation of prices. It will also encourage competition by requiring transparent and non-discriminatory third-party access to cross-border parcel delivery services and infrastructure. The Commission will publish public listed prices of universal service providers to increase peer competition and tariff transparency.

The proposal complements self-regulatory initiatives taken by postal operators to improve the quality and convenience of cross-border parcel delivery services.
MODERN DIGITAL CONTRACT RULES TO BETTER PROTECT CONSUMERS WHO SHOP ONLINE ACROSS THE EU AND HELP BUSINESSES EXPAND THEIR ONLINE SALES

The Commission has adopted two proposals: one on the supply of digital content (e.g. streaming music) and one on the online sale of goods (e.g. buying clothes online). The two proposals tackle the main obstacles to cross-border e-commerce in the EU: legal fragmentation in the area of consumer contract law and resulting high costs for businesses — especially SMEs — and low consumer trust when buying online from another country.

Consumers will benefit from a higher level of consumer protection, a wider choice of products at more competitive prices:

Reversal of the burden of proof: For instance, if an Italian consumer discovers today that a product he/she purchased online more than 6 months ago is defective and asks the seller to repair or replace it, he/she may be asked to prove that this defect existed at the time of delivery. Under the proposed new rules, throughout the 2-year guarantee period, the consumer will be able to ask for a remedy without having to prove that the defect existed at the time of delivery.

Clear and specific rights for digital content: For instance, a consumer who downloads a game which is then not working properly may currently receive as compensation only a discount on downloading other games in the future. With the proposed directive, consumers will be able to request such problems to be fixed and, if this is not feasible or not done properly, to obtain a price reduction or terminate the contract and be fully reimbursed.

Businesses will be able to supply digital content and sell goods online to consumers throughout the EU, based on the same set of contract rules:

Legal certainty and a business-friendly environment: Today businesses need to spend time and money to adapt to contract law rules in Member States they sell to. Under the proposed rules, businesses will no longer need to deal with this fragmentation: they will be able to supply digital content or sell goods to consumers in all Member States based on the same set of key contract law rules.

Cost savings for businesses: Businesses now face an additional one-off cost of €9 000 to adapt to the national contract law of each new Member State they wish to sell to. With the new EU-wide rules, a business could save up to €243 000 if it wishes to sell to all 27 other EU countries.

INCREASING CONSUMER TRUST IN E-COMMERCE

On top of the new rules on digital contracts, the Commission has proposed a revision of the consumer protection cooperation regulation. It will give more powers to national authorities to better enforce consumer rights. They will be able to check if websites geo-block consumers or offer after-sales conditions not respecting EU rules (e.g. withdrawal rights); order the immediate take-down of websites hosting scams, and request information from domain registrars and banks to detect the identity of the responsible trader.

In case of EU-wide breaches of consumer rights, the Commission will be able to coordinate common actions with national enforcement authorities to stop these practices. It will ensure a swifter protection of consumers, while saving time and resources for Member States and businesses.
SIMPLIFYING VAT

The administrative burden businesses face from different VAT regimes will also be reduced. Sellers of physical goods to other countries will also benefit from single electronic registration and payment; and a common VAT threshold will help smaller start-ups who sell online.

A modern, more European copyright framework

A modern, more European copyright legislation will be created. This will improve people’s access to cultural content online — thereby nurturing cultural diversity — while opening new opportunities for creators.

As a first step, the Commission proposed in December 2015 to allow EU residents to travel with the digital content — films, sports broadcasts, music, e-books or games — they have purchased or subscribed to at home. Cross-border portability, a new EU right for consumers, is expected to be a reality in 2017, so that Europeans will be able to watch their favourite content without the fear of roaming charges, which will end by mid-2017 (the end of roaming charges in 2017 was agreed by all EU institutions last year).

Since it is a proposal for a regulation, once adopted it will be directly applicable in all 28 EU Member States.

The regulation will be directly applicable: no need for Member States to implement the rules into national law. The aim is that portability becomes a reality for European consumers in 2017.

Other initiatives to be taken were also announced in the copyright action plan presented in December 2015. As a second step, the Commission will indeed propose later this year to facilitate access to content across the EU (including through a review of the satellite and cable directive related to the transmission of broadcasters’ services across borders), adapt exceptions to copyright rules for an innovative and inclusive society (e.g. exception related to text and data mining to boost research and innovation), create a fairer marketplace and fight piracy.
Strong European data protection rules to boost the digital economy

72% of internet users in Europe still worry that they are being asked for too much personal data online.

Rolling out fast broadband for all

Take-up of fast broadband is low: only 22.5% of all subscriptions are fast ones (above 30 Mbps) and Europe has witnessed significant time lags in the roll-out of the latest 4G technology due to the non-availability of suitable spectrum.

Spectrum reforms can decrease prices of mobile services and boost productivity over time (estimated EU-wide GDP increase between 0.11% and 0.16% over 5 years). Only 59% of Europeans can access 4G, dropping to 15% in rural areas.

EU audiovisual rules fit for the 21st century

The Commission has presented a proposal to update the ‘audiovisual media services directive’: the common rules which have governed audiovisual media, ensured cultural diversity and the free circulation of content in the EU for almost 30 years. Nowadays viewers do not only watch video content via their TV channels but also increasingly via video-on-demand services (such as Netflix and MUBI) and video-sharing platforms (such as YouTube and Dailymotion). This is why the Commission wants to achieve a better balance of the rules which today apply to traditional broadcasters, video-on-demand providers and video-sharing platforms, especially when it comes to protecting children. The revision of the directive will also strengthen the promotion of European cultural diversity, ensures the independence of audiovisual regulators and gives more flexibility to broadcasters over advertising.

More specifically the Commission has proposed:

Responsible video-sharing platforms: Platforms which organise and tag a large quantity of videos will have to protect minors from harmful content (such as pornography and violence) and protect all citizens from incitement to hatred. Detailed measures include tools for users to report and flag harmful content, age verification or parental control systems. To make sure the measures are future-proof and effective, the Commission will invite all video-sharing platforms to work within the Alliance to better protect minors online, with an aim to come up with a code of conduct for the industry.
A stronger role for audiovisual regulators: The directive will now ensure that regulatory authorities are truly independent from governments and industry, and can play their role best: ensure that audiovisual media act in the interest of viewers.

More European creativity: Currently, European TV broadcasters invest around 20% of their revenues in original content and on-demand providers less than 1%. The Commission wants TV broadcasters to continue to dedicate at least half of viewing time to European works and will oblige on-demand providers to ensure at least a 20% share of European content in their catalogues. The proposal also clarifies that Member States are able to ask on-demand services available in their country to contribute financially to European works.

More flexibility for TV broadcasters: Viewers annoyed by too many TV advertisements can switch to online ad-free offerings which did not exist a decade ago. The revised audiovisual rules respond to this, and other new realities. The revised directive gives broadcasters more flexibility as to when ads can be shown — the overall limit of 20% of broadcasting time is maintained between 7 am and 11 pm, but instead of the current 12 minutes per hour, broadcasters can choose more freely when to show ads throughout the day.

These different measures are expected to have a positive economic impact for media service providers — mainly TV broadcasters — and increase their capacity to invest in audiovisual content. This is important for the competitiveness of the EU audiovisual industry.

A modern telecoms framework

Later this year the Commission will present an ambitious overhaul of EU telecoms rules. This includes more effective coordination of radio frequencies; creating incentives for investment in high-speed broadband; ensuring a level playing field for all market players, traditional and new; and creating an effective institutional framework.

The Commission will build on the results recently achieved to end roaming charges and to introduce net neutrality into EU law.

Under the new EU laws on net neutrality, Europe's telecoms operators will have to treat all internet traffic equally and will have to justify giving priority to certain services on their network which cost the consumer more than others.

NEW DECREASE IN ROAMING CHARGES BEFORE THEIR END IN 2017

Since 30 April 2016, calling, texting or surfing online in another Member State (roaming) has been cheaper than ever. Roaming charges have decreased again to a record low level, before their end set in June 2017. When travelling in the EU, mobile devices users only pay a small amount on top of their domestic prices: up to €0.05 per minute of calls made, €0.02 per SMS sent, and €0.05 per MB of data (excluding VAT). This is a short transition period since mid-June 2017; Europeans will pay the same price whether they use their mobile devices at home or somewhere else in the EU.

DEVELOPING THE NEXT GENERATION OF COMMUNICATION NETWORKS, 5G

In the future, everybody and everything will use 5G, the next generation of communication networks. By 2020, there will be 26 billion connected devices and 70% of people will own a smartphone. 5G will be the backbone of the EU digital single market, industries of the future, modern public services and innovative applications such as connected cars, smart homes or mobile health services. To face this global challenge, the EU has joined forces with South Korea, Japan, China and Brazil to strengthen cooperation in this strategic area and to make sure that 5G does not develop in silos at the international level.

5G will be a game changer not only for telecom companies but also for a number of key industries. This is why it is essential to connect these actors and help build the future market of 5G products and services. The Commission called on sectors like logistics, transport, energy, health and digital manufacturing to work together with the Commission on a 5G action plan. It is important to think together on the measures, timetable and investment incentives needed to roll out essential 5G infrastructure in the EU. The aim is to build on EU investments already planned in 5G research and innovation — €700 million by 2020 — so that European companies are ready to start offering 5G products and services in 2020.
The Commission has recently made an important step to pave the way for 5G in the EU. It presented a proposal to coordinate the use of radio frequencies in the 700 MHz band for mobile. Mobile operators using the 700 MHz band will be able to offer higher-speed and higher-quality broadband (i.e. without service interruption) to consumers and cover wider areas, including rural and remote regions. It will enable Europe to move ahead and provide mobile broadband speeds beyond 100 Mb/s and catch up with leading regions in 4G mobile broadband take-up (like South Korea or the USA). As soon as specific 5G standards and associated technology and equipment are available by 2020, mobile operators will be in a good position to roll out 5G services. Further steps to coordinate spectrum in the EU will be part of the forthcoming review of EU telecoms rules foreseen for autumn 2016.
New data protection rules

The EU adopted new data protection rules in 2016. The new rules strengthen existing rights and empower individuals, with more control over their personal data. Most notably, these include:

Easier access to your own data: individuals will have more information on how their data is processed and this information should be available in a clear and understandable way;

A right to data portability: it will be easier to transfer your personal data between service providers;

A clarified ‘right to be forgotten’: when you no longer want your data to be processed, and provided that there are no legitimate grounds for retaining it, the data will be deleted;

The right to know when your data has been hacked: for example, companies and organisations must notify the national supervisory authority of serious data breaches as soon as possible so that users can take appropriate measures.

Building on the new EU data protection rules, the Commission will review the e-Privacy directive.

Online platforms

Online platforms play a key role in innovation and growth in the digital single market. They have revolutionised access to information and have connected buyers and sellers in a better and more efficient way. EU action is needed to set the right environment to attract, retain and grow new online platforms innovators.

The Commission outlined a targeted, principles-based approach, to fix problems flagged by respondents to the Commission’s public consultation during its year-long assessment of platforms. The Commission will support industry and stakeholder efforts for self- and co-regulation to ensure this approach remains flexible and up to date. The action areas include:
Comparable rules for comparable digital services: Comparable digital services should follow the same or similar rules and, where possible, the Commission should reduce the scope and extent of existing regulation. The Commission will apply these principles in ongoing reviews of EU telecoms legislation, and of the e-Privacy directive, for example when considering whether rules on confidentiality should apply to providers of online communications services as well as traditional telecoms companies.

An obligation for online platforms to behave responsibly: The existing intermediary liability regime, set out in the e-Commerce directive should be maintained. Specific problems will be addressed through targeted instruments, such as audiovisual or copyright rules, or enhanced voluntary efforts by industry. For example, the Commission has worked with major online platforms on a code of conduct on combatting hate speech online.

Trust is a must: Cross-border enforcement cooperation will ensure that platforms fulfil their obligations regarding consumer rights, for example to clearly indicate sponsored search results. The Commission will also encourage industry to step up voluntary efforts to tackle practices such as fake or misleading online reviews. The Commission will encourage online platforms to recognise different kinds of secure electronic identifications (eID) which offer the same reassurance as their own electronic identification systems.

Open markets for a data-driven economy: The free flow of data initiative scheduled for the end of 2016 will facilitate switching and portability of data among different online platforms and cloud computing services.

A fair and innovation-friendly business environment: The Commission will carry out a fact-finding exercise into issues raised in the public consultation by businesses and suppliers who directly interact with platforms. These include, for example, concerns over unfair terms and conditions, in particular for access to important databases, market access and general lack of transparency. On this basis, the Commission will determine, by spring 2017, whether additional EU action in this area is needed.

In its European agenda for the collaborative economy, the Commission also provided guidance on applicable EU legislation and made recommendations for Member States.

A partnership with the industry on cybersecurity

According to a recent survey, at least 80% of European companies have experienced at least one cybersecurity incident over the last year and the number of security incidents across all industries worldwide rose by 38% in 2015. This damages European companies, whether they are big or small, and threats to undermine trust in the digital economy. As part of its digital single market strategy the Commission wants to reinforce cooperation across borders, and between all actors and sectors active in cybersecurity, and to help develop innovative and secure technologies, products and services throughout the EU.

This is why the Commission presented in June 2016 a public–private partnership with industry that is expected to trigger €1.8 billion of investment by 2020.

The partnership will also include members from national, regional and local public administrations, research centres and academia. The aim of the partnership is to foster cooperation at early stages of the research and innovation process and to build cybersecurity solutions for various sectors, such as energy, health, transport and finance.
Digitising EU industry

The Commission proposed plans to help European industry, SMEs, researchers and public authorities make the most of new technologies.

The Commission presented a set of measures to support and link up national initiatives for the digitisation of industry and related services across all sectors and to boost investment through strategic partnerships and networks. The Commission also proposed concrete measures to speed up the development of common standards in priority areas, such as 5G communication networks or cybersecurity, and to modernise public services. As part of the plans, the Commission will set up a European cloud that, as a first objective, will give Europe’s 1.7 million researchers and 70 million science and technology professionals a virtual environment to store, manage, analyse and reuse a big amount of research data.

Ensuring the free flow of data

While personal data is covered and protected by EU rules, there are no clear guidelines for other types of data. Large amounts of data are produced every second, created by people or generated by machines, such as sensors gathering climate information, satellite imagery, digital pictures and videos, purchase transaction records, or GPS signals. They represent a goldmine for research, innovation and new business opportunities. But data often remains stuck in expensive national data centres (e.g. Member States requirements to keep data inside their territory). Unnecessary restrictions should be removed and prevented. National systems should be better aligned to allow a better flow of data and the development of new promising technologies such as cloud computing and the Internet of Things. The Commission will assess the different legal and technical obstacles and will then define measures to address them.

Creating a European digital economy and society with growth potential

Big data and cloud

Digital data stored in cloud: 2013: 20% — 2020: 40%
The use of big data by the top 100 manufacturers could lead to savings worth €425 billion

Studies estimate that, by 2020, big data analytics could boost EU economic growth by an additional 1.9%, equalling a GDP increase of €206 billion

An inclusive e-society

Almost half the EU population (47%) is not properly digitally skilled, yet in the near future, 90% of jobs will require some level of digital skills

A strategy of digital by default in the public sector could result in around €10 billion of annual savings

Digitising EU industry

Ensuring the free flow of data
The right skills for the digital age

The Commission adopted a new and comprehensive Skills Agenda for Europe. The aim is to ensure that people develop a broad set of skills from early on in life and to make the most of Europe’s human capital, which will ultimately boost employability, competitiveness and growth in Europe.

As part of this agenda, the Commission will launch the ‘Digital Skills and Jobs Coalition’ bringing together Member States and education, employment and industry stakeholders to develop a large digital talent pool and ensure that individuals and the labour force in Europe are equipped with adequate digital skills.
Further reading

- Questions about the European Union? Europe Direct can help: 00 800 6 7 8 9 10 11 — http://europedirect.europa.eu