



## Security and safety of Internet transactions need to be strengthened, says European Parliament

More than half of EU citizens and nearly 1.5 billion people worldwide have access to the Internet. Yet, despite the fact that one out of three EU citizens conducts online purchases, only 30 million carry out cross-border shopping in the EU. In view of this, MEPs are demanding increased Internet security, simplified rules and specific measures for SMEs in a report adopted in Strasbourg with 562 votes in favour, 9 against and 10 abstentions.

The European Parliament, in a report drafted by Giorgos **Papastamkos** (EPP-ED, EL), believes that lack of trust in the security and safety of transactions and payments "constitutes the most important danger for the future of e-commerce". MEPs call on the Commission to investigate the causes and to redouble its efforts to "create mechanisms for strengthening businesses' and individuals' trust in international electronic payment systems, as well as establishing suitable means for resolving disputes related to illegal commercial practices".

### Combating counterfeiting, piracy and fraud

Illegal behaviour such as counterfeiting, piracy, fraud, breach of transaction security and violation of citizens' private space pre-existed in the "physical world", say MEPs, but these activities have been both "facilitated and exacerbated" by the abundant technological possibilities provided.

They stress the need to adopt and strengthen necessary and appropriate enforcement measures and for more effective and concerted coordination. This will permit the combating and elimination of existing illegal online commercial behaviour, without affecting the development of international e-commerce, MEPs say, especially with regard to cases liable to involve major public health risks, such as bogus medicines.

MEPs also believe that the regulatory deficiencies in the EU online market are hindering the development of a stable and strong European online industrial and commercial environment. This, they say, results in unsatisfactory levels of participation by European consumers in EU and international trade transactions and hinders creativity and innovation in commercial activity.

### Improve regulatory provisions

MEPs deplore the regulatory provisions permitting or requiring geographic market partitioning, high Internet access charges, and any limits on the availability of delivery op-

tions in the EU.

The report calls on the Commission to improve the legal interoperability of Internet services through the development of model licences and other legal solutions compatible with jurisdictions. It also asks that existing European deliverables for legal interoperability be propagated in order to reduce both transaction costs and legal uncertainty for online providers.

The report points out that the inherently international character of electronic commerce calls for universal understanding and cooperation, and proposes that bilateral and regional trade agreements signed by the EU should contain explicit provisions covering broad and open use of the Internet for trade in goods and services. The fact that the Doha Development Agenda "does not mandate specific negotiations on e-commerce", is regrettable, it says.

### **Measures for SMEs**

MEPs call on the Commission to develop a comprehensive strategy for removing the barriers to using e-commerce still affecting SMEs (access to ICT, costs of developing and maintaining e-business systems, lack of trust, lack of information, legal uncertainty over transnational disputes, etc.).

They ask the Commission to include policy recommendations, which offer incentives to SMEs to further participate in online trading products and services.

The report recommends the establishment of a database, designed to provide information support and management guidance to the new and inexperienced participants in online trading, and the conduct of a comparative economic analysis of the benefits of e-commerce and online advertising for SMEs, as well as case studies of successful EU SMEs trading online.

There is also a call for a detailed analysis of the influence of online trade upon conventional trading patterns and activities, in order to be aware of and consequently avoid potential adverse effects.

### **Increase investment for third-country Internet trade**

Finally, MEPs believe that the participation of the least developed and other developing countries in international trade through the Internet has to be supported through increased investment primarily in basic infrastructure such as telecommunication networks and access devices. The report underlines the need for low cost and better quality provision of Internet services.

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