

How to fully reap all the benefits of the Internal Market for e-commerce?

**New economic opportunities and challenges for digital services 20 years after
the adoption of the e-commerce Directive**

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Structure of the Presentation

1. Benefits
2. Remaining obstacles
3. E-commerce and platforms
4. Emerging costs
5. Solutions

1. Benefits

Consumer welfare

- Lower prices, increased choice
- Increased consumer surplus (34 - 204bn EUR/year)
- Social cohesion

Single market/trade

- Strong reduction in geographical distance-related trade costs
- Territorial cohesion

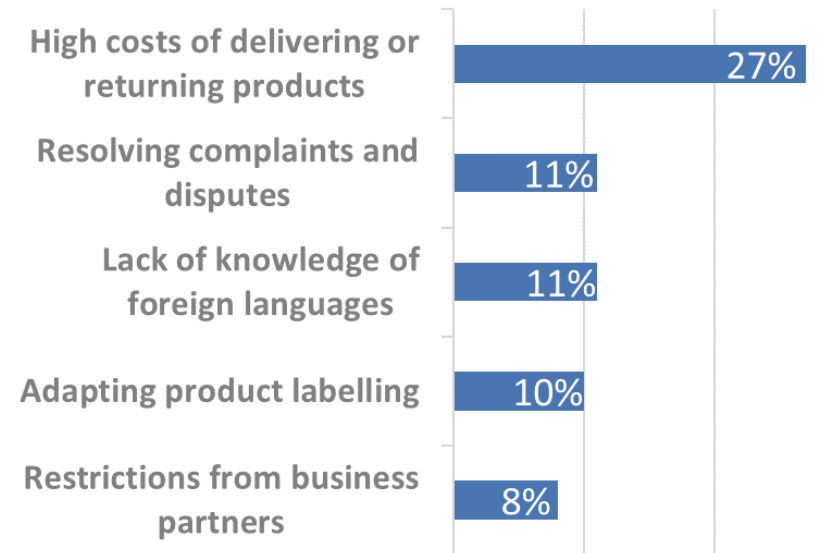
SMEs

- Access to new markets
- Better offers (tracking prices of competitors, understanding customer behaviour)
- More revenues

2. Remaining obstacles

Cross-border e-commerce

- Only 35% of e-shoppers buy cross-border (2019)
- 1 in 4 SMEs report barriers to cross-border e-commerce (2019)
- Copyright territoriality constraints cross-border offer of digital content (7% of EU GDP)



Barriers to selling to other EU countries, EU-28, 2018 (% of enterprises with web sales to other EU countries). Eurostat (isoc_ec_wsobs_n2)

3. E-commerce and platforms Gatekeepers of the Internet

Supply side

- > 1 million companies in the EU rely on platforms with sales accounting for **over half** of all e-sales in retail
- > 40% of **SMEs** selling online use digital marketplaces and have higher shares of e-sales
- **Services for e-sellers**: customer service, delivery, storage, advertising, VAT and invoice services, etc.
- **Lower vulnerability** to financial and market barriers

Demand side

- 60% of private and 30% of public **consumption** of goods and services in the digital economy go via online intermediaries
- Online marketplaces are the **preferred source** to buy goods or services for private use for **71%** of surveyed consumers

4. Emerging costs

Energy and environment

- ICT: **7%** of the total global electricity consumption
- Data centres: **1.4%** of electricity consumption; estimated to grow to **3%-8%** by 2030

Tax losses

- Changing business models
- Outdated tax rules
- Estimated corporate tax revenue losses in the EU of **50-70 bn EUR/year**

Market power

- Network effects
- Value extraction: seller fees charged by platforms
- **P2B** relations: bargaining power
- **P2C** relations: information asymmetry

5. Solutions

| Policy areas | Solutions |
|-----------------------|---|
| Cross-border barriers | <ul style="list-style-type: none">• Proper enforcement of recent measures (geo-blocking, cross-border parcel delivery services, consumer protection)• Reform of the EU copyright |
| Energy & environment | <ul style="list-style-type: none">• RE power purchase agreements |
| Taxation | <ul style="list-style-type: none">• Digital tax |
| Market power | <ul style="list-style-type: none">• Competition law• Proper enforcement of P2B Regulation• P2C relations: liability, transparency and nudging |

Sustainability of digital platforms

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Thank you for your attention!