



Research Paper on the Digital Single Market

IMCO Committee meeting

Prepared for:
European Parliament

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Approach

- **Overview of legislation relevant for functioning of the Digital Single Market**
 - excluded supporting infrastructure such as broadband and taxation issues
- **Identification of potential gaps in legislation**
 - and/or related to information, effective implementation of laws, etc.
- **Assessment if quantification of costs is possible**
 - based on existing studies and data
- **Quantification of direct costs due to gaps**
- **Macroeconomic model based assessment of overall effects from closure of the identified DSM gaps**

Gaps

- **Operational definition:**

- No harmonisation of laws where its introduction could improve DSM functioning
- and/or where harmonisation exists but adopted solutions do not work as intended to support DSM

- **Gaps where direct cost estimates feasible**

- Cloud computing – lack of liability of cloud computing service providers and the inconsistency of transnational laws and regulations
- Payments – no significant legislative gaps; divergence of commercial practice between MS
- Postal and parcel services – information lacking on availability of delivery options

- **(More important) gaps where direct cost estimates not undertaken**

- Consumer protection for digital products that are intangible
- Digital signatures

Estimate of CoNE & potential benefits from closing gaps

- **Mid-point estimates of direct CoNE (EUR billion):**

Cloud computing	Payments	Postal and parcel delivery	TOTAL
47 bn	4 bn	4 bn	56 bn

- Range: EUR 36-75 billion

- **Estimated macroeconomic impact of closing these gaps:**

- EU GDP higher by 0.4% (by 2020)
 - Employment gains by around 0.1% [0.22 million jobs created]

- **Note: bottom-up approach used; numbers only reflect gaps in the 3 areas**

Conclusion

- **Digital economy on the rise – increasingly intertwined with ‘traditional’ economy**
- **Significant legislative activity in recent years**
 - Ongoing implementation periods or implementation yet to start → difficult to assess if all gaps will be closed; smart monitoring needed
- **Alternatives to legislation promising in improving several aspects of DSM functioning**
 - Legislation will often lag behind new markets, products, ways of making transactions, etc. created in digital economy
- **Barriers to DSM associated with large costs**

