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# REPORT

on completing the Digital Single Market  
(2012/2030(INI))

Committee on the Internal Market and Consumer Protection

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on completing the Digital Single Market (2012/2030(INI))

*The European Parliament,*

- having regard to the Commission communication of 3 October 2012 to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions entitled ‘Single Market Act II’ (COM(2012)0573),
- having regard to the proposal of 4 June 2012 for a Regulation of the European Parliament and of the Council on electronic identification and trust services for electronic transactions in the internal market (COM(2012)0238),
- having regard to the Commission communication of 29 May 2012 entitled ‘Consumer Scoreboard shows where consumer conditions are best in Europe - Seventh edition of the Consumer Conditions Scoreboard’ (SWD(2012)0165),
- having regard to its resolution of 22 May 2012 on a strategy for strengthening the rights of vulnerable consumers<sup>1</sup>,
- having regard to its resolution of 22 May 2012 on the Internal Market Scoreboard<sup>2</sup>,
- having regard to the Commission communication of 22 May 2012 to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions entitled ‘A European Consumer Agenda - Boosting confidence and growth’ (COM(2012)0225),
- having regard to the Commission Staff Working Document of 22 May 2012 entitled ‘Report on Consumer Policy (July 2010 - December 2011)’ (SWD(2012)0132), accompanying the communication ‘A European Consumer Agenda - Boosting confidence and growth’ (COM(2012)0225),
- having regard to the Commission communication of 2 May 2012 entitled ‘European Strategy for a Better Internet for Children’ (COM(2012)0196),
- having regard to the Commission communication of 20 April 2012 entitled ‘A strategy for e-procurement’ (COM(2012)0179),
- having regard to the proposal of 25 January 2012 for a Regulation of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation) (COM(2012)0011),

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<sup>1</sup> Texts adopted, P7\_TA(2012)0209.

<sup>2</sup> Texts adopted, P7\_TA(2012)0211.

- having regard to the Commission communication of 11 January 2012 entitled ‘A Coherent framework for building trust in the Digital Single Market for e-commerce and online services’ (COM(2011)0942),
- having regard to its resolution of 15 November 2011 on a new strategy for consumer policy<sup>1</sup>,
- having regard to its resolution of 15 November 2011 on online gambling in the internal market,<sup>2</sup>
- having regard to Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council<sup>3</sup>,
- having regard to the proposal for a regulation of the European Parliament and of the Council on a consumer programme 2014-2020 (COM(2011)0707) and the related documents (SEC(2011)1320 and SEC(2011)1321),
- having regard to its resolution of 25 October 2011 on mobility and inclusion of people with disabilities and the European Disability Strategy 2010-2020<sup>4</sup>,
- having regard to the proposal of 19 October 2011 for a Regulation of the European Parliament and of the Council establishing the Connecting Europe Facility (COM(2011)0665),
- having regard to the Commission communication of October 2011 entitled ‘Making markets work for consumers – Sixth edition of the Consumer Markets Scoreboard’ (SEC(2011)1271),
- having regard to its resolution of 5 July 2011 on a more efficient and fairer retail market<sup>5</sup>,
- having regard to the Commission Staff Working Paper of 7 April 2011 entitled ‘Consumer Empowerment in the EU’ (SEC(2011)0469),
- having regard to the Commission communication of 11 March 2011 entitled ‘Consumers at home in the single market - Fifth Edition of the Consumer Conditions Scoreboard’ (SEC(2011)0299),
- having regard to the Commission communication to the European Council entitled ‘Europe 2020, a strategy for smart, sustainable and inclusive growth’ (COM(2010)2020),
- having regard to its resolution of 15 December 2010 on the impact of advertising on

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<sup>1</sup> Texts adopted, P7\_TA(2011)0491.

<sup>2</sup> Texts adopted, P7\_TA(2011)0492.

<sup>3</sup> OJ L 304, 22.11.2011, p. 64.

<sup>4</sup> Texts adopted, P7\_TA(2011)0453.

<sup>5</sup> Texts adopted, P7\_TA(2011)0307.

consumer behaviour<sup>1</sup>,

- having regard to its resolution of 21 September 2010 on completing the internal market for e-commerce<sup>2</sup>,
- having regard to Council Directive 2010/45/EU of 13 July 2010 amending Directive 2006/112/EC on the common system of value added tax as regards the rules on invoicing<sup>3</sup>,
- having regard to the ECJ judgments on Google (Joined Cases C-236/08 to C-238/08, judgment of 23 March 2010) and BergSpechte (Case C-278/08, judgment of 25 March 2010), which define the notion of the ‘normally informed and reasonably attentive internet user’ as being the standard internet consumer,
- having regard to Directive 2010/13/EU of the European Parliament and of the Council of 10 March 2010 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (Audiovisual Media Services Directive)<sup>4</sup>,
- having regard to its resolution of 9 March 2010 on consumer protection<sup>5</sup>,
- having regard to its resolution of 25 October 2011 on mobility and inclusion of people with disabilities and the European Disability Strategy 2010-2020<sup>6</sup>,
- having regard to the Commission communication of 3 March 2010 entitled ‘Europe 2020: A strategy for smart, sustainable and inclusive growth’ (COM(2010)2020),
- having regard to the Monti report of 9 May 2010 on a new strategy for the single market,
- having regard to the analytical report entitled ‘Attitudes towards cross-border sales and consumer protection’ published by the Commission in March 2010 (Flash Eurobarometer 282),
- having regard to the Commission communication of 22 October 2009 on cross-border business to consumer e-commerce in the EU (COM(2009)0557),
- having regard to the ‘Mystery shopping evaluation of cross-border e-commerce in the EU’, a study conducted on behalf of the Commission’s DG SANCO by YouGovPsychonomics and published on 20 October 2009,
- having regard to the Commission Staff Working Document of 22 September 2009 on the follow up in retail financial services to the Consumer Markets Scoreboard (SEC(2009)1251),
- having regard to the communication of 7 July 2009 from the Commission to the European

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<sup>1</sup> Texts adopted, P7\_TA(2010)0484.

<sup>2</sup> OJ C 50E, 21.2.2012, p. 1.

<sup>3</sup> OJ L 189, 22.7.2010, p.1.

<sup>4</sup> OJ L 95, 15.4.2010, p. 1.

<sup>5</sup> OJ C 349E, 22.12.2010, p. 1.

<sup>6</sup> Texts adopted, P7\_TA(2011)0453.

Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on a harmonised methodology for classifying and reporting consumer complaints and enquiries (COM(2009)0346), and to the accompanying draft Commission recommendation (SEC(2009)0949),

- having regard to the Commission communication of 2 July 2009 on the enforcement of the consumer acquis (COM(2009)0330),
- having regard to the Commission report of 2 July 2009 on the application of Regulation (EC) No 2006/2004 of the European Parliament and of the Council on cooperation between national authorities responsible for the enforcement of consumer protection laws (the consumer protection cooperation regulation) (COM(2009)0336),
- having regard to the Commission Staff Working Document of 5 March 2009 entitled ‘Report on cross-border e-commerce in the EU’ (SEC(2009)0283),
- having regard to its resolution of 5 February 2009 on international trade and the internet,<sup>1</sup>
- having regard to its resolution of 13 January 2009 on the transposition, implementation and enforcement of Directive 2005/29/EC concerning unfair business-to-consumer commercial practices in the internal market and Directive 2006/114/EC concerning misleading and comparative advertising<sup>2</sup>,
- having regard to its resolution of 3 September 2008 on how marketing and advertising affect equality between women and men<sup>3</sup>,
- having regard to its resolution of 21 June 2007 on consumer confidence in the digital environment<sup>4</sup>,
- having regard to Regulation (EC) No 2006/2004 of the European Parliament and of the Council of 27 October 2004 on cooperation between national authorities responsible for the enforcement of consumer protection laws (the consumer protection cooperation regulation)<sup>5</sup>,
- having regard to Directive 2006/114/EC of the European Parliament and of the Council of 12 December 2006 concerning misleading and comparative advertising<sup>6</sup>,
- having regard to Article 20(2) of Directive 2006/123/EC<sup>7</sup> of 12 December 2006 on services in the internal market,
- having regard to Directive 2006/114/EC<sup>8</sup> of the European Parliament and of the Council

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<sup>1</sup> OJ C 67E, 18.3.2010, p. 112.

<sup>2</sup> OJ C 46 E, 24.2.2010, p. 26.

<sup>3</sup> OJ C 295 E, 4.12.2009, p. 43.

<sup>4</sup> OJ C 146E, 12.6.2008, p. 370.

<sup>5</sup> OJ L 364, 9.12.2004, p. 1.

<sup>6</sup> OJ L 373, 21.12.2004, p. 37.

<sup>6</sup> OJ L 376, 27.12.2006, p. 21.

<sup>7</sup> OJ L 376, 27.12.2006, p. 36.

<sup>8</sup> OJ L 376, 27.12.2006, p. 21.

of 12 December 2006 concerning misleading and comparative advertising (codified version),

- having regard to its resolutions of 23 March 2006 on European contract law and the revision of the *acquis*: the way forward<sup>1</sup> and of 7 September 2006 on European contract law<sup>2</sup>,
- having regard to the Commission communication on the review of the EU regulatory framework for electronic communications networks and services (COM(2006)0334),
- having regard to Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market<sup>3</sup>,
- having regard to Directive 2004/113/EC of the Council of 13 December 2004 implementing the principle of equal treatment between men and women in the access to and supply of goods and services<sup>4</sup>,
- having regard to Special Eurobarometer No 342 on consumer empowerment,
- having regard to the UNCITRAL Convention on the Use of Electronic Communications in International Contracting 2005, the UNCITRAL Model Law on electronic signatures (2001) and the UNCITRAL Model Law on electronic commerce (1996)<sup>5</sup>,
- having regard to the First Application Report of 21 November 2003 on the E-Commerce Directive (COM(2003)0702),
- having regard to Directive 2002/65/EC<sup>6</sup> of the European Parliament and of the Council of 23 September 2002 concerning the distance marketing of consumer financial services and amending Council Directive 90/619/EEC and Directives 97/7/EC and 98/27/EC,
- having regard to Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector<sup>7</sup>,
- having regard to Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market<sup>8</sup>,
- having regard to Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal

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<sup>1</sup> OJ C 292 E, 1.12.2006, p. 109.

<sup>2</sup> OJ C 305E, 14.12.2006, p.247.

<sup>3</sup> OJ L 149, 11.6.2005, p. 22.

<sup>4</sup> OJ L 373, 21.12.2004, p. 37.

<sup>5</sup> <http://www.un.or.at/unictral>

<sup>6</sup> OJ L 271, 9.10.2002, p. 16.

<sup>7</sup> OJ L 201, 31.7.2002, p. 37.

<sup>8</sup> OJ L 178, 17.7.2000, p. 1.

data and on the free movement of such data<sup>1</sup>,

- having regard to the Charter of Fundamental Rights of the European Union, as incorporated into the Treaties by Article 6 of the Treaty on European Union (TEU), and in particular its Articles 7 (respect for private and family life), 21 (non-discrimination), 24 (the rights of the child), 25 (the rights of the elderly), 26 (integration of persons with disabilities) and 38 (consumer protection),
  - having regard to Article 9 TFEU, which stipulates that ‘in defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health’,
  - having regard to Article 11 TFEU, which stipulates that ‘environmental protection requirements must be integrated into the definition and implementation of the Union policies and activities, in particular with a view to promoting sustainable development’,
  - having regard to Article 12 TFEU, which stipulates that ‘consumer protection requirements shall be taken into account in defining and implementing other Union policies and activities’,
  - having regard to Article 14 TFEU and Protocol 26 thereto on services of general (economic) interest,
  - having regard to Rule 48 of its Rules of Procedure,
  - having regard to the report of the Committee on the Internal Market and Consumer Protection and the opinions of the Committee on Industry, Research and Energy, the Committee on Development, the Committee on Culture and Education and the Committee on Legal Affairs (A7-0341/2012),
- A. whereas completing the Digital Single Market is a key factor in making the EU the most competitive and dynamic knowledge-based economy in the world;
- B. whereas e-commerce and online services are a vital force of the internet and are crucial to the aims of the EU 2020 strategy for the internal market, benefiting both citizens and businesses through intelligent, sustainable and inclusive growth;
- C. whereas 99% of all European businesses are SMEs, providing 85% of employment, and SMEs are thus the driving force in the European economy, having the prime responsibility for wealth creation, employment and growth, as well as innovation and R&D;
- D. whereas e-commerce has become an essential part of commerce and an important driver of consumer choice, competition and technological innovation, given that consumers and businesses differentiate less and less between online and offline in their daily life;
- E. Recalls that a Digital Single Market where services can flow freely within a market of 500

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<sup>1</sup> OJ L 281, 23.11.1995, p. 31.



million consumers is a crucial driver for competitiveness and economic growth, providing highly-qualified jobs and facilitating the EU's convergence into a knowledge-driven economy;

- F. Emphasises that broadband and the internet are important drivers for economic growth, the knowledge society, job creation, innovation and European competitiveness, as well as boosting online commerce and services; stresses that consumers and businesses need broadband access to take full advantage of the internet;
- G. Emphasises the importance of 'one-stop-shops' for VAT in order to facilitate crossborder e-commerce for SMEs and promote e-invoicing; points out, however, that such 'one-stop shops' should be created only within the framework of existing institutions, without increasing the burden on the taxpayer;
- H. whereas companies which have developed their internet economy have progressed far more than others, and in the current economic and financial crisis with the generation of employment practically depending on SMEs, it is essential to remove barriers to online commerce so that they can benefit from all its advantages;
- I. whereas online markets need to be as flexible as possible in order to create better business and development opportunities in this sector;
- J. whereas e-commerce is an important complement to offline trade, providing opportunities for small companies to grow and offering greater access to goods and services, including in remote areas and in the countryside and for people with disabilities and reduced mobility;
- K. whereas, in some G-8 countries the internet has accounted for 20 % of economic growth and 25 % of jobs created in the last five years;
- L. whereas the benefits of globalisation can be more evenly distributed among consumers and SMEs thanks to the internet and e-commerce;
- M. whereas achieving an effective functioning internal market would be an important step towards fulfilling the Lisbon agenda goals of increasing growth, employment and competitiveness to serve the 500 million consumers in the EU;
- N. whereas the Digital Single Market offers a wider choice at more competitive prices to consumers, especially to those living in less accessible, remote or outlying areas, as well as those with reduced mobility who would otherwise not have access to a wide choice of goods; whereas the internet allows new businesses, in particular SMEs, to start up and enables existing companies to flourish by finding new market niches;
- O. whereas there are 75 million persons with disabilities in Europe, and these persons should also have full access to the internal market, paying particular attention to the challenges of digital interfaces in the case of people with visual impairments;
- P. whereas the internet and technology constitute tools enabling the internationalisation of SMEs and their increased engagement in international markets and trade; calls for an

integrated European market for card, internet and mobile payments; calls, at the same time, for a facilitated framework for e-invoicing; stresses in both these regards the importance of interoperability and open standards so as to facilitate maximum market potential and competition;

- Q. whereas consumers benefit from e-commerce in terms of lower prices and wider choice, allied to the convenience of being able to shop without leaving their homes; whereas this is particularly beneficial for disabled consumers and consumers in rural or remote areas;
- R. whereas a well-functioning digital economy is imperative for a well-functioning EU economy; whereas, however, the free movement of digital services is currently severely hindered by fragmented rules at national level, owing to which businesses face numerous barriers to selling across borders in the EU, mainly because of the different rules applying at Member State level in such areas as consumer protection, VAT, product-specific regulations and payment transactions; whereas it is necessary to call on the EU institutions to reinforce their commitment to removing the key regulatory obstacles to crossborder online transactions by 2015, and to call on the Commission to continue to propose targeted legislative action in order to address key impediments;
- S. whereas e-commerce allows consumers to benefit from lower prices and a wider choice, but 60 % of websites are currently unsuitable for crossborder online shoppers, and consumer and business confidence in the digital environment is still low;
- T. whereas access to reliable information and transparency should be enhanced, allowing consumers to compare not only prices but also quality and sustainability of goods and services online;
- U. whereas the fragmentation of the EU digital market endangers rights under the *acquis communautaire*, as consumers and businesses have little legal certainty as regards crossborder e-commerce, thanks to the existence of too many legal provisions setting divergent requirements, a circumstance which does not allow business operators, authorities or consumers to benefit from clear and enforceable rules;
- V. whereas most disputes are actually resolved out of court and the time periods conceded to ADR can be too short - an effective ODR system is required;
- W. whereas it is vital to overcome the legal fragmentation now existing in a number of areas, in order to achieve a complete and real Digital Single Market;
- X. whereas e-commerce and online services encourage the development of a sustainable single market, through the use of low-carbon and environment-friendly technologies, standards, labels, products and services;

#### **A Digital Single Market for growth and employment**

1. Stresses that in times of economic and financial crisis it is essential to take measures to stimulate growth and create employment, and emphasises that completing the Digital Single Market would be a crucial step forward in terms of achieving this goal; calls on the Commission, therefore, to implement its plan for the launching and completion of the

Digital Single Market; highlights the fact that the digital single market is the easiest way for businesses and citizens to reap the benefits of the single market;

2. Welcomes the Commission's new communication on e-commerce and online services, published on 11 January 2012, which aims to develop a coherent framework for e-commerce via the building of trust and the extension of e-commerce and online services to the B2B, B2C, C2C and G2G sectors; calls on the Commission to report by the end of 2012 on the progress made on the 16 'Main Actions' as set out under the five priority areas of the communication;
3. Welcomes the Commission's new communication on 'a Single Market Act II', which includes key actions to support the development of a European digital economy; emphasises the need to fully reap the benefits of the Digital Single Market;
4. Calls on the Commission to implement, develop, and effectively follow up its action plan for facilitating crossborder access to online products and content, and, to this end, to supply a roadmap for the implementation of a transversal plan ensuring the development of the Digital Single Market and the promotion of long-term growth, competitiveness and job creation while adapting the European economy to the challenges of today's global economy;
5. Stresses that fragmentation and lack of legal certainty are primary concerns in the Digital Single Market, and that inconsistent enforcement of rules in Member States needs to be dealt with in order to increase choice for consumers; considers that fragmentation is also partly due to the poor or late transposition of directives by Member States, a factor which should be subject to more rigorous scrutiny by the EU institutions;
6. Stresses that all relevant new single market legislation should be submitted to a Digital Single Market Test; invites the Commission to examine the viability of implementing such a test within its impact assessment framework, so as to ensure that it neither hinders the development of the Digital Single Market nor gives rise to additional obstacles or fragmentation for offline and online commerce;
7. Welcomes the Commission's announcement of a new notice and action scheme, and recalls in this context that under the e-commerce directive, information society service providers have a duty to act under certain circumstances with a view to preventing or stopping illegal activities online;
8. Agrees with the Commission that the current legal framework provided by the e-commerce directive requires no review; underlines, however, the need for further clarification with a view to the implementation of notice-and-action procedures to deal with illegal content;
9. Highlights the need to modernise and facilitate the procedures for recognition of professional qualifications, and to extend the scope for automatic recognition beyond the professions currently covered, targeting in particular the new professions needed by green and digital industries; notes that this will facilitate the mobility of highly skilled workers;
10. Emphasises the importance of developing a European cloud computing strategy, given its

potential for EU competitiveness, growth and job creation; stresses that cloud computing, since it involves minimal entry costs and low infrastructure requirements, represents an opportunity for the European IT industry, and, especially, for SMEs, to develop and become leaders in areas such as outsourcing, new digital services and data centres;

11. Notes the importance of the link between the e-commerce directive and the Internal Market Information System;

## **SMEs**

12. Stresses that SMEs form the backbone of the European economy, and that it is therefore vital to develop an action plan for their integration into the Digital Single Market; also stresses the urgent need for all European SMEs to have broadband access; emphasises that taking advantage of the possibilities of the digital economy and the Digital Single Market through innovation and the smart use of ICT would be of great help in enabling SMEs to exit the present crisis and create growth and employment;
13. Supports the Commission's determination to strengthen and facilitate the development of ICT infrastructure in order to bridge the digital divide; recalls that the development of ICT infrastructure impacts positively on social cohesion, economic growth and competitiveness in the EU, as well as on communication, creativeness and citizens' access to education and information; welcomes the initiatives within the framework of the programmes for regional and rural development, as well as the initiatives of the EIB for improving the integration of rural areas into ICT infrastructures;
14. Underlines the fact that eliminating remaining legal barriers to e-commerce, providing businesses with the necessary information and skills, and offering them the necessary tools to develop their business online more easily and effectively are crucial to achieving the goal of creating growth and employment;
15. Stresses that achieving a fully operational Digital Single Market requires a coordinated effort to ensure that all citizens, regardless of their age, location, education or gender, have access to the internet and the necessary skills to use it;
16. Insists that digital competences are crucial for the development of a competitive Digital Single Market, and that all Europeans should be empowered with the appropriate digital skills; stresses the crucial nature of the commitment to reducing digital literacy and competence gaps by half by 2015;
17. Calls, accordingly, on the Commission and the Member States to develop such an action plan, to be based on promoting of the integration of SMEs into the digital value chains by taking measures and initiatives encouraging the smart use of ICT for innovation and competitiveness and the development of e-skills, as well as making more information available on the advantages and potential of the internet economy, e.g. via the European e-Business Support Network (eBSN), while also providing financial support for innovative SMEs, among other actions;
18. Stresses the importance of developing a strategy to boost digital entrepreneurship in Europe, promote training for online traders and encourage SME development programmes

focusing on innovative and dynamic SMEs from all sectors so as to ensure high growth potential and innovation and create new jobs in Europe, while also enhancing consumer trust, as well as developing new niche markets for SMEs which would not otherwise exist;

19. Calls on the Commission and the Member States to implement the existing legislation in order to tackle barriers which hinder the growth of SMEs, such as high market entry costs, cost of building brand awareness in multiple countries, and IT system limitations;
20. Calls on the Commission and the Member States to introduce measures aimed at offering financial support to innovative SMEs, through existing programmes such as the Competitiveness and Innovation Programme (CIP), the new Programme for the Competitiveness of Enterprises and SMEs (COSME), and the Research and Innovation Programme 'Horizon 2020', or through the creation of specific programmes, as well as the proposed regulation on venture capital funds;
21. Considers that, alongside consistent deployment of ICT, it is essential for the development of the Digital Single Market to promote ICT research excellence and foster public and private investment in high-risk, collaborative ICT research and innovation; stresses that Europe should be at the cutting edge in the development of internet technologies and standards; proposes that under the upcoming financial perspective and the Horizon 2020 programme there should be a substantial increase in the EU's ICT research budget;

### **Overcoming the remaining barriers in the Digital Single Market**

22. Supports the possibility of collaborating with research centres; welcomes the Commission's plans to promote public and private investment in telecommunications networks as part of the Connecting Europe Facility (CEF), and underlines the importance of the sustained launch of the trans-European digital network for economic growth and competitiveness in the EU;
23. Notes that the rapid deployment of ultra-fast broadband is crucial for Europe's global competitiveness, the development of European productivity and the emergence of new and small enterprises that can be leaders in different sectors, for example healthcare, manufacturing and the services industry;
24. Calls for specific measures to be taken to ensure that SMEs can fully enjoy the potential of broadband in the fields of e-commerce and e-procurement; calls on the Commission to support Member States' initiatives to develop e-skills in SMEs and to stimulate innovative, internet-based business models through the Competitiveness and Innovation Programme (CIP) and its future successor, the Programme for the Competitiveness of Enterprises and SMEs (COSME);
25. Calls on the Commission to identify the existing barriers to crossborder delivery services, and to take appropriate actions to address them, taking account of the findings of the new study that has been conducted and in a way that will allow both businesses and consumers to fully benefit from the Digital Single Market; stresses that such factors as accessibility, reliability, speed of delivery, friendly service, an efficient and transparent returns system, and lower prices of crossborder delivery services are best promoted by free and fair competition, so as not to hinder crossborder trade and to increase consumer trust;

considers that crossborder delivery services should not just be based on physical borders, but, where feasible, should also take account of the distance from the consumer; considers it essential to ensure innovative forms of delivery allowing greater flexibility in terms of choosing a time or place of collection or a possible pick-up point with no additional costs attached; believes it is crucial to consider measures guaranteeing reasonably priced delivery to more remote or outlying areas;

26. Recalls the need for an integrated policy approach regarding the completion of the single market in transport for all modes (including road cabotage, rail freight, etc) and environmental legislation, in order to avoid inefficiencies in the supply chain or unnecessary cost increases for both distance sellers and e-commerce customers;
27. Calls on the Member States and the Commission to reduce administrative burdens by making it possible to use the system either of the country of the seller or the country of the buyer, in order to avoid duplication of procedures and confusion as to which rules apply, for both online retailers and online consumers;
28. Calls on the Commission to find solutions to the difficulties experienced by SMEs in relation to handling returns and shipping infrastructure problems, and to reduce the costs involved in the crossborder resolution of complaints and conflicts;
29. Stresses that, as website content can be roughly machine-translated quite easily, an added advantage of the digital world is that it can help break down language barriers in the single market;
30. Stresses the importance to consumers of efficient delivery, better feedback on delivery, and receiving products on time, all of which factors are identified as top concerns of consumers in the latest Consumer Conditions Scoreboard;
31. Calls on the Commission and the Member States to examine the possibilities of simplifying and standardising VAT rules in the context of crossborder online transactions; points out that the existing European VAT framework is a barrier to the development of new digital services, and that encouraging companies to develop and offer new Europe-wide online services should be a priority in the revision of the VAT rules; considers that digitally distributed cultural, journalistic or creative content should be subject to the same VAT rate as the equivalent product in a physical format or offered offline, in order to avoid market distortion; calls on the Commission and the Member States to seize the opportunity offered by the 2015 changes to the VAT rules in order to create and extend a 'European One-Stop Shop' for e-commerce, at least for SMEs;
32. Calls on the Commission to propose a revision of Directive 2006/112 in order to introduce a new category of electronically provided cultural content services which would benefit from a reduced rate of VAT; suggests that cultural works and services sold online - such as digital books - should benefit from the same preferential treatment as comparable products in traditional form such as paperbacks, and should therefore be subject to a reduced VAT rate; considers, in this context, that the application of the reduced VAT rate for digital publications could encourage the development of legal offers and significantly boost the attractiveness of digital platforms;

33. Calls on the Commission, in its review of VAT legislation, to address the anomaly of the possible application of reduced VAT rates to printed books and other cultural content but not to identical goods available in electronic format;
34. Welcomes the Commission's green paper on card, internet and mobile payments; calls on the Commission and the Member States to develop and implement appropriate measures with a view to achieving a fully and effectively integrated, competitive, innovative, neutral and safe EU regulatory framework for online and mobile payments;
35. Emphasises the importance of addressing micropayments and the high administrative costs often incurred when paying small amounts; notes the increasingly widespread use of payment via mobile phones, smartphones and tablets, and believes this calls for new responses;
36. Stresses that micropayments are increasingly used to pay for media and cultural content online, and considers this a useful tool in ensuring that rights holders are remunerated;
37. Points out that domestic and crossborder multilateral interchange fees (MIFs) in the Single Euro Payments Area (SEPA) vary significantly between Member States; believes that both domestic and crossborder multilateral interchange fees in the SEPA should be harmonised in order to allow consumers to benefit from the single market; calls on the Commission to conduct an impact assessment, by the end of 2012, on setting a cap for MIFs and progressively reducing it; calls on the Commission to propose a regulation harmonising MIFs and progressively decreasing them so that they are aligned with real costs by the end of 2015; believes that surcharges, rebates and other steering practices should also be phased out, thus paving the way for a more transparent European single market for payments;
38. Emphasises that privacy and data security are major concerns among consumers and tend to discourage them from buying online; considers it necessary to adapt the existing data protection legislation to new challenges and innovations in the area of present and future technological developments, e.g. cloud computing;
39. Recognises the economic and social potential which cloud computing has demonstrated thus far, and calls on the Commission to adopt initiatives in this area in order to reap the benefits of such technology once it is more fully developed; acknowledges, however, the many technical and legal challenges arising from the development of cloud computing;
40. Recognises the major potential of cloud computing, and calls on the Commission to propose without delay a European strategy on the matter;
41. Calls on the Commission to enforce the Data Breach Notification provisions in the telecoms package, and to make those provisions available for all consumers in Member States;
42. Recalls the provisions in the Universal Service and Users' Rights Directive under which telecoms operators should oblige internet service providers to deliver public service messages to all their customers; calls on the Commission to monitor the issue of how many telecoms regulators are complying with these rules, and to report back to Parliament

on the matter;

43. Welcomes, therefore, the Commission's proposed new data protection regulation, highlights the need to give citizens better control over the processing of their personal data, and stresses the need to approve and implement a new regulation on the subject in a form that, while protecting privacy and safeguarding fundamental rights, guarantees legal certainty, and allows sufficient flexibility to companies to enable them to develop their business without taking on huge costs while also offering them a simplification and reduction of administrative burdens whilst maintaining strong commitments to adhering to the obligations already in place;
44. Welcomes the Commission's proposal for a legal framework for the collective management of copyright and related rights with a view to ensuring better accountability, transparency and governance of collective rights management societies, establishing efficient dispute resolution mechanisms, and clarifying and simplifying licensing; believes it essential that internet users are provided with clear and understandable information about which personal data are to be gathered, for what purpose, and for how long, with a view to strengthening users' rights and bolstering their confidence in the internet; emphasises that legal certainty and clarity and a very high level of data protection must be assured when reviewing the data protection acquis; welcomes the announcement of a general European strategy on the issue of cloud computing for 2012 and, in particular, expects matters of jurisdiction, data protection and areas of responsibility to be clarified in this regard;
45. Believes firmly that the protection of privacy not only constitutes a core value of the European Union but, in addition, plays a central role in promoting the necessary user confidence in the digital environment that will enable full development of the Digital Single Market; welcomes, therefore, the Commission's proposals for adapting the Data Protection Directive to the current digital environment, thereby promoting the innovative character of the online environment and boosting the development of promising new technologies such as cloud computing;
46. Reiterates that a global approach is essential when addressing challenges such as data protection and piracy; encourages, in this regard, close cooperation between the EU and the Internet Governance Forum;
47. Requests clarification regarding the obligation of internet service providers to act in compliance with the EU legislation on data protection and competition, with intellectual property rights protection and with e-Commerce Directive<sup>1</sup> and the Telecoms Package<sup>2</sup> when dealing with and/or gathering data within the EU, irrespective of where these data are stored and/or processed; considers that a higher level of transparency regarding the identification of internet service providers should play a key role in fostering consumer confidence, and will also encourage best practice in this area and constitute a key criterion

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<sup>1</sup> Directive 2000/31/EC of the European Parliament and of the Council of June 8 2000 on certain legal aspects of information society services, in particular electronic commerce in the internal market (OJ L 178, 17.7.2000, p.1).

<sup>2</sup> Directive 2009/136/EC of the European Parliament and of the Council of 25 November 2009 (OJ L 337, 18.12.2009, p.11) and Directive 2009/140/EC of the European Parliament and of the Council of 25 November 2009 (OJ L 337, 18.12.2009, p.37).



for the creation of a European trustmark;

48. Recalls that under Article 5 of Directive 2000/31/EC, providers of online services are obliged to clearly indicate their identity, and that compliance with this requirement is vital to ensuring consumer confidence in e-commerce;
49. Calls on the Commission to modernise the legal framework for intellectual property rights in the context of completion of the Digital Single Market, and to propose and rapidly implement the European Strategy for Intellectual Property Rights with a view to adaptation to the online reality of the 21st century; looks forward to the Commission's proposals for legal tools in this area, such as legislation to simplify the collective management of copyright in Europe and a directive on Enforcement of IPR and Fight Against Counterfeiting and Piracy; further believes that innovative business models and different licensing structures need to be considered and further developed, in order to increase availability while also maintaining copyright and ensure rightholders' remuneration;
50. Emphasises the importance of a harmonised approach to exceptions and limitations in the field of copyright, as well as harmonised statutory exceptions in the area of trademarks and patents - for the benefit, in many cases, of researchers and developers - given that the aim is to facilitate the development, deployment and consumer uptake of new and innovative services and ensure the legal certainty for research teams, innovators, artists and users that is required if a flourishing European digital environment is to emerge;
51. Points to the need to continue working on the regulatory harmonisation of intellectual property rights, whilst respecting citizens' rights and freedoms, in order to facilitate the completion of the Digital Single Market;
52. Calls on the Commission to propose agreed sector-specific solutions that respect copyright, ensure fair remuneration for authors, and promote public access to a wide range of lawful cultural products;
53. Urges the Commission to accelerate its preparatory work on a legislative proposal regarding 'collective rights management', with a view to ensuring better accountability, transparency and governance of collective rights management societies, establishing efficient dispute resolution mechanisms, and clarifying and simplifying licensing systems in the music sector;
54. Stresses that micropayments are becoming increasingly important in terms of paying for media and cultural content online, but that there is still scope to further optimise ease of use, and sees this as a useful tool in ensuring that creators are remunerated since they make legal content accessible to the public in an affordable way; considers, therefore, micropayments to be an effective means of combating illegal content; emphasises, however, that problems associated with online payment systems, such as lack of interoperability and high costs of micropayments for consumers, need to be tackled with a view to developing simple, innovative and cost-effective solutions that are of benefit to consumers and digital platforms; emphasises that expanding the legal range of online cultural content at affordable prices will succeed in reducing illegal platforms in the long term;

55. Emphasises that new and expanding internet technologies and online services have increased demand for audiovisual and other cultural and creative digital content, and provide new and innovative ways of customising and enriching supply, particularly among young people; notes, however, that there is currently insufficient legal supply to meet this demand, which circumstance motivates users to access illegal content; believes that innovative business models and different licensing structures need to be considered in order to increase availability; calls for better exploitation of digital technologies, which should constitute a springboard for both differentiation and multiplication of legitimate offers, thereby maintaining consumer confidence and growth whilst ensuring that artists are remunerated fairly and proportionately;
56. Strongly supports measures both at Member State and European level to prevent product counterfeiting and product piracy on the internet;
57. Welcomes the proposals for increasing availability and developing legal online content services, but highlights the need for a modernised and more harmonised EU copyright at Union level; emphasises, therefore, the need for a copyright law which provides the appropriate incentives, ensures balance and keeps abreast with modern technology; considers that the encouragement, promotion and sustainability of multiterritorial licensing in the digital single market should, above all, be facilitated by market-driven initiatives in response to consumer demand; calls on the Commission, accordingly, to implement the IPR strategy initiatives without delay;
58. Condemns strongly all discrimination against customers on grounds of nationality and residence, recalling Article 20(2) of the services directive (2006/123/EU), and calls on the Commission and the Member States to ensure the full implementation of that directive;

#### **Building confidence and trust in the Digital Single Market**

59. Stresses that the consumer rights directive marked an important step forward in terms of increasing legal certainty for consumers and businesses in online transactions, and today constitutes the main consumer protection instrument for online services; calls on the Member States to ensure its effective and rapid implementation; calls for a code of good practice for online businesses, and supports the proposals for model contracts in this regard; believes that implementation of the CRD would form an important part of model contracts, while existing retail practices would also need to be respected; furthermore, calls on the Member States to decide whether - in the long run - they favour the full harmonisation of single market legislation or a second national regime; in the latter case, encourages the Member States to step up their efforts to constructively advance dossiers such as the Common European Sales Law, with a view to facilitating crossborder trade in the EU to the benefit of consumers and businesses alike;
60. Believes that the recently proposed regulation on a Common European Sales Law, which could be agreed on by contracting parties as an alternative to national sales law regulations, has great potential for countering the fragmentation of the single market and making internet business more accessible and legally reliable for consumers and businesses alike;
61. Recalls that Member States also have a role to play in terms of ensuring the rapid and non-

bureaucratic implementation of the EU rules, in order to make consumers' rights a reality;

62. Calls on the Commission and the Member States to develop and give adequate resources to effective instruments such as the Consumer Protection Cooperation (CPC) network, in order to ensure that online traders apply the EU rules on transparency and unfair commercial practices, thus affording a high level of consumer protection;
63. Stresses the need for initiatives in the Member States to improve e-skills among the general public; notes the importance of equipping EU citizens with digital skills in order to help them take full advantage of the benefits of being online and participating in the digital society;
64. Calls on the Commission to include a consumer accessibility element in terms of implementing a barrier-free environment and a full range of accessible services for people with disabilities in all Digital Single Market policies, in order to ensure that all citizens' groups have access to and can fully benefit from the Digital Single Market;
65. **Stresses the need for initiatives in the Member States to improve e-skills among the general public, especially among the socially disadvantaged and also with particular attention being given to older people in order to promote the notion of active ageing;**
66. Recognises the importance of a European charter of users' rights that would clarify the rights and obligations of citizens in the information society;
67. Stresses the importance of fomenting the creation of transparent and trustworthy price comparison websites which can be accessed in various languages, as a means of increasing consumer trust in crossborder trade;
68. Stresses the need to create a European Trustmark, which would guarantee that a business operating online fully respects EU law; it should be simple and well-structured, and should be rich with content that provides added value for e-commerce, thus boosting confidence and transparency, as well as legal certainty for both consumers and businesses, and should provide information in a form compliant with the existing, non-legally binding W3C standards, in the interests of people with disabilities;
- 69 Stresses, furthermore, the need for an integrated approach in order to improve consumer confidence as regards accessing legal crossborder online services;
70. Stresses the urgent need for the EU to provide business and consumers with confidence and the means to trade online in order to increase crossborder trade; calls, therefore, for the simplification of licensing systems and the creation of an efficient framework for copyright;
71. Welcomes the Commission's initiative addressing the obstacles to the completion of the digital single market, most importantly the barriers inhibiting the development of legal crossborder online services; stresses, furthermore, the need to improve consumer confidence as regards accessing legal crossborder services; emphasises that the Digital Single Market will allow citizens to have access, throughout the EU, to all forms of digital content and services (musical, audiovisual, video games);

72. Shares the Commission's view that the online single market is being hampered in reaching its full potential largely because of the existence of a patchwork of different legal provisions and barely 'interoperable' standards and practices;
73. Welcomes the Commission's legislative proposals on Alternative Dispute Resolution (ADR) and Online Dispute Resolution (ODR), and underlines the importance of their effective adoption to help resolve complaints and conflicts cross-border; also stresses the need for these mechanisms to be made widely known to consumers and traders so that they can reach the desired level of practical effectiveness; recalls the importance of an effective redress mechanism as a means of ensuring that consumers can pursue their rights, while stressing that citizens should be better informed of the details of such a mechanism and other problem-solving tools; believes this should enhance crossborder purchases of goods and services and contribute to the removal of the remaining bottlenecks that are hampering growth and innovation, particularly within the Digital Market, and which are currently holding the single market back from realising its full potential; stresses that the existence of the online dispute resolution platform for domestic and crossborder e-commerce will increase consumers' trust in the Digital Single Market;
74. Recognises the need to create ways of enhancing citizens' trust and confidence in the online environment and to guarantee the protection of personal data and privacy and freedom of expression and information, including the removal of the geographical, technical and organisational barriers now affecting redress mechanisms; views the speedy and cost-effective settlement of disputes, particularly in relation to online transactions, as a central requirement for user confidence; therefore welcomes the Commission's proposals in relation to the extrajudicial settlement and online settlement of disputes under consumer law and the announced legislative initiative for the settlement of disputes between businesses;
75. Notes the Commission's proposals for measures for cooperation with payment services to combat unauthorised or illegal content; stresses that any cooperation with private parties should be firmly grounded in a legal framework characterised by respect for data privacy, consumer protection, right of redress and access to justice for all parties; emphasises that the first step must be the effective implementation of 'notice action' measures ensuring respect for the fundamental right to a fair trial before an independent and impartial tribunal established by law, unequivocally and for all; stresses that all operators, including payment providers and advertisers, have a role to play in the fight against unauthorised and illegal content;
76. Strongly welcomes the new Commission communication on a 'Strategy for a Better Internet for Children'; encourages the Commission, the Member States and the industry to promote the use of new technological developments for education and for the protection for minors, and to cooperate closely and efficiently in order to deliver a safe internet for minors; calls on the Commission and the Member States to support projects for literacy and familiarisation as regards digital technologies, to be targeted on adults responsible for education and training and for the future of new generations, so as to make them aware of the opportunities and risks that ITC represents for children and minors while also helping reduce the technological divide between generations; calls on the Commission and Member States to develop information technology training programmes regarding

consumer rights, obligations and risks in connection with the internal digital market;

77. Urges stakeholders to commit to responsible advertising towards minors, in particular by refraining from aggressive and misleading TV and online advertising and by respecting and fully implementing existing codes of conduct and similar initiatives;
78. Considers it necessary to support the digitisation of educational and cultural works in as many official EU languages as possible, in order to offer valuable and useful content to the public;
79. Stresses the importance of establishing clear principles for regulating relations with third countries' digital markets, especially as regards Union-level projects such as the digitisation of the world cultural heritage;
80. Calls on the Commission to ensure that the rules on selective distribution are properly applied, in order to avoid abuses and discrimination;
81. Calls on the Commission to propose legislation to ensure net neutrality;
82. Points out that more competition and transparency with regard to traffic management and quality of service, as well as ease of switching, are among the minimum necessary conditions to ensure net neutrality; reiterates its support for an open internet where content and individual commercial services cannot be blocked; recalls the recent findings of the Body of European Regulators for Electronic Communications (BEREC), and considers that additional measures are needed to ensure net neutrality;
83. Re-emphasises the potential challenges arising from departures from network neutrality, such as anti-competitive behaviour, blockage of innovation, restriction of freedom of expression, lack of consumer awareness and infringement of privacy, as well as the fact that lack of net neutrality hurts businesses, consumers and society as a whole;
84. Calls on the Commission and the Member States to ensure free and fair competition online, by taking action against unfair B2B commercial practices, such as online restrictions, price controls and quotas;
85. Regards the further expansion of the broadband network and, in particular, the connection of rural, isolated and outermost areas to electronic communication networks, as a central priority; calls on the Commission, therefore, to check continuously and, if necessary, ensure by means of regulatory intervention that network neutrality is maintained and that internet providers are not hampered or hindered in accessing network infrastructure;

### **Setting up the basis for a more competitive and inclusive Europe**

86. Calls on the Member States to strengthen and facilitate the development of information and communications infrastructures, since, while all Member States have a national broadband strategy, only a few have a fully-fledged operational plan which includes the targets required to fully realise the flagship initiative for a digital agenda for Europe as laid down in the Europe 2020 strategy; welcomes the new 'Connecting Europe Facility' initiative, since it will be crucial for the effective implementation of the Digital Agenda

for Europe targets set for 2020 promising broadband access for all, and the intermediate objective of every EU citizen having access to a basic internet connection by 2013;

87. Stresses that internet services are offered on a crossborder scale, and that, accordingly, they require concerted action in line with the Digital Agenda for Europe; points out that a European market with nearly 500 million people connected to high-speed broadband would act as a spearhead for the development of the internal market; stresses the need to connect the digital agenda with the provision of new services such as e-trade, e-health, e-learning, e-banking and e-government services;
88. Supports the possibility of collaborating with research facilities; welcomes the Commission's plans to promote public and private investment in telecommunications networks as part of the Connecting Europe Facility (CEF), and underlines the importance of the sustained launch of the trans-European digital network for economic growth and competitiveness in the EU;
89. Stresses the importance for the development of the European Digital Single Market of continuing efforts aimed at providing ubiquitous and high-speed access for all consumers, through the promotion of fixed and mobile internet access and the deployment of next-generation infrastructures; emphasises that this requires policies that promote access on competitive terms; urges the Commission and the Member States to provide new impetus to the European fast and ultra-fast broadband strategy by updating the relevant targets;
90. Emphasises the potential value for consumers and businesses of the digital switchover of public services, and calls on Member States to develop national plans to that effect, which should include targets and measures for making all public services accessible online by 2015; recognises that high-speed networks are a prerequisite for the development of online services and for economic growth; calls on the Commission to develop world-leading digital agenda targets in order to ensure that Europe becomes the global leader in internet speed and connectivity; invites the Member States to further develop national broadband plans and adopt operational plans with concrete measures to implement the ambitious broadband targets, and underlines the strategic and crucial importance of the instruments proposed by the Commission in the Connecting Europe Facility;
91. Regrets that the EU is lagging behind with regard to fibre-based internet connections; calls on the Member States and the Commission, therefore, to accelerate the spread and adoption of ultra-high-speed broadband, and calls for a European strategy for the large-scale deployment of FTTx ('fibre to the x');
92. Calls on the Member States to draw up cyberincident contingency plans in order to cope with cyberdisruptions or cyberattacks having crossborder implications, including critical information infrastructure plans at both European and national level, and also to develop strategies for a more resilient and reliable infrastructure; stresses that international cooperation in this area should be intensified; recalls that network and information security is the responsibility of all stakeholders, including users at home, service providers and product developers; recommends encouraging cybersecurity-related training and education for both citizens and professionals;
93. Emphasises that the internet is increasingly being used on mobile devices, and calls for

action to ensure increased radio spectrum availability for the mobile internet and improve the quality of the e-services provided on those mobile devices; stresses that the future allocation of radio spectrum must pave the way for European leadership in wireless applications and new services, in order to boost Europe's growth and global competitiveness;

94. Notes that both fixed and mobile data traffic are growing exponentially and that a number of actions, such as further harmonised spectrum allocations for wireless broadband, increased spectrum efficiency and the rapid rollout of next-generation access networks, will be crucial for managing this increase;
95. Notes that assessing the need to open up the 700 MHz band for mobile data traffic is a necessary first step towards meeting future capacity requirements;
96. Welcomes the new Commission communication on e-procurement, published on 20 April 2012; stresses that e-procurement will simplify the way procurement is conducted, provide transparency, reduce burdens and costs, increase the participation of SMEs, and deliver better quality and lower prices;
97. Welcomes the Commission's legislative proposal for a regulation on electronic identification and trust services for electronic transactions in the internal market, which will strengthen trust and convenience in the context of a secure digital environment, and, by covering the mutual recognition and acceptance at EU level of notified electronic identification schemes, has the potential to enable secure and seamless electronic interactions between businesses, citizens and public authorities, thereby increasing the effectiveness of public and private online services, e-business and electronic commerce in the EU; stresses the importance of e-signatures and the mutual recognition of eIDs at the European level, so as to ensure legal certainty for European consumers and businesses; underlines the importance of simultaneously ensuring both EU-wide interoperability and the protection of personal data
98. Points out that the public sector's use of information and communication technologies is the cornerstone for the development of the digital and knowledge society, and therefore urges the Commission and the Member States to further develop secure and effective e-services; notes, particularly where e-identification and e-signatures are concerned, that crossborder interoperability is a prerequisite for the adoption of crossborder e-invoicing solutions;
99. Recalls that in its resolution of 20 April 2012 on 'a competitive digital single market – e-government as a spearhead', Parliament stressed the importance for the facilitation of mass adoption of factors including legal certainty, a clear technical environment, and open and interoperable e-invoicing solutions based on common legal requirements, business processes and technical standards; calls on the Commission to assess the need for uniform, open Union-wide standards for e-identification and e-signatures; notes that the major obstacles to crossborder access to the electronic services provided by public administrations are linked to the use of electronic signatures and identification and to the problem of non-compatibility of e-government systems at EU level; welcomes the Commission's proposal for a regulation on electronic identification and trust services for electronic transactions in the internal market;

100. Instructs its President to forward its position to the Council, the Commission and the national parliaments.



## EXPLANATORY STATEMENT

Europe faces today times of big challenges. The economic crisis is severely affecting our economy, our countries, our societies, our families. We face nowadays difficult times when, perhaps more than ever, we need political reflection and debate of ideas. Every crisis, every stage as the one in which we live today, is also an opportunity to improve, to reflect on what were the reasons that brought us to this situation, to correct the mistakes made, to evolve, and thus, to make the necessary changes. The most challenging times are therefore the best opportunities to make reforms, to invent ourselves again and, thus, evolve to a better situation.

We also live in a time of big and unprecedented social, economic and technological developments. The so-called Digital Revolution has modified considerably our lives in several aspects. New forms of commerce, of interacting with other individuals, of searching for information, of comparing products and prices and of learning, among many others, have changed dramatically in a way that we could have not possibly imagined not many years ago.

The Digital Revolution has also transformed the way businesses work, and the impact of the Internet Economy has been enormous in the last years. The gains and possibilities for economic growth, the creation of employment, consumer opportunities, variety of products, affordable prices, and possibilities for companies are immense. Figures clearly state so: In some G8 countries the Internet has accounted for 20% of economic growth and 25% of job growth in the last five years. For every job that is lost in the world “off-line”, the online sector creates 2.6 new jobs. Companies that exploit the full potential of the Internet create more than twice as many jobs as the companies that do not. If measured as a sector, Internet-related consumption and expenditure is now bigger than agriculture or energy. And it will continue growing.

According to the last BCG study *The internet economy in the G-20*, by 2016, there will be 3 billion Internet users globally and the Internet economy will reach \$4.2 trillion in the G-20 economies. If it were a national economy, the Internet economy would rank in the world’s top five, behind only the U.S., China, Japan, and India, and ahead of Germany. Across the G-20, it already amounted to 4.1 percent of GDP, or \$2.3 trillion, in 2010—surpassing the economies of Italy and Brazil. The Internet is contributing up to 8 percent of GDP in some economies, powering growth, and creating jobs.

However, in the European Union, the Digital Single Market has not evolved as much as it could have, and we have not exploited all the benefits of the Digital Economy. The current legal fragmentation acts as a deterrent for both consumers and businesses when considering whether to engage in cross-border trade. Businesses operating cross-border in Europe have to face 27 different sets of rules in key areas such as VAT, postal services, or intellectual property rights, to name a few examples, which produces a very high cost of implementing a pan-European business, sometimes not affordable, especially for SMEs. In the European Union, 99% of companies are classified as SMEs. They are the backbone of the EU’s economy as create 85% of employment.

The Digital economy could be a key for their development and to help them to find the way

out of this crisis. It is therefore vital to overcome those barriers to provide them with new opportunities and to stimulate economic growth and create jobs.

On the other hand, and equally important, is the reduction of possibilities for consumers to fully benefit from a Digital Single Market. Since many online shops are not willing to sell to consumers from every EU country, for the above mentioned reasons, Internet transactions are often interrupted when the consumer resides outside a particular market. On average 61% of all cross-border orders fail due to this fact.

According to the last *Consumer Market Scoreboard* and its study into e-commerce of goods, consumers can save in 13 out of 15 product categories for which prices were collected. The study also shows that consumers have at least double choice when shopping online than when doing it offline. If they shop online across the EU, they have up to 16 times more products to choose from. From shopping online, European consumers already gain about €11.7 billion a year in goods alone (an amount equivalent to 0.12% of EU GDP). If e-commerce grew to 15% of the total retail sector and Single Market barriers were eliminated, total consumer welfare gains would reach around €204 billion (equivalent to 1.7% of EU GDP).

This is four times higher than a situation where the market fragmentation along national borders continued to exist. Two-thirds of consumer welfare gains are due to increased online choice, which is considerably larger across borders.

Europe is at the crossroads of its future economic development, and we must decide to provide our businesses with a good business environment or with a hostile environment. We should decide whether we go for a Europe without barriers or we stay stuck in a Europe with barriers to business creation and jobs.

This year, when we celebrate the 20th anniversary of the creation of the Single Market, we should give the necessary impulse to our economy that would constitute the creation of a Digital Single Market. In the decades of the 80s and the 90s of the past century, the materialization of the four freedoms activated enormous possibilities and opportunities. Today, the extension of the Single Market into a Digital Single Market would create many more. The Digital Revolution, offers to our economy, our companies and citizens, the opportunity of creating growth and employment through the Digital Single Market.

The European institutions have developed in the last two years several initiatives in this regard, various communications of the European Commission and European Parliament reports. IMCO Committee has even created a specific Working Group on the Digital Single Market and e-commerce, which is analyzing the barriers and proposing concrete lines of action to improve the current situation. But we must go a step further. More specific policy proposals are needed, more in-depth reforms of the existing situation.

Europe is rapidly moving from the industrial age to a global, networked knowledge and service-based economy. That inevitably necessitates changes not only in the economy but also in the institutions and systems that were designed for a different era. Emphasizing the paramount importance of the transformative power of new technologies, as well as education, skills and life-long learning, this initiative seeks to stimulate debate and focus public attention on the issues that are at the centre of a successful knowledge economy.

Your Rapporteur welcomes the 5 recommendations for action for developing policy and practice in the field of the Commission Communication on a 'Coherent framework for building trust in the Digital Single Market for e-commerce and online services' but he would seek a in-depth analysis for the following four inter-connected action points:

## **1. Single and Medium Sized Enterprises.**

The EU has already done much to improve the situation for SMEs but a lot still remains to be done to reduce bureaucracy, simplify access to financial instruments and improve SME access to European and international markets. There are approximately 23 million small and medium-sized enterprises that represent 99% of companies in Europe and provide for 85% of employment. They represent the main driving force for economic growth, innovation, employment and social integration. ICT, as recognised by the European Union's Digital Agenda – one of the flagship initiatives of the Europe 2020 Strategy – has offered a great boost to growth, increase productivity in the SME sector and this in turn, has improved the welfare of citizens and consumers. Innovative SMEs have a particular role to play in generating innovation and growth, by enabling new transformative technologies to reenergize productivity, efficiency and competitiveness for both industry and the public sector. Innovative businesses are already driving growth in Europe, as the ICT sector represents about 25% of GDP growth.

SMEs that are intensive technology users not only grow and export twice as much as their peers, but also create twice the number of jobs. Greater use of technology is needed in all companies across all sectors. According to the McKinsey Global Institute, 75% of the economic value created by the Internet arises from traditional companies that are using Web-based technologies to lower the costs of running their business.

**2. Overcoming remaining barriers in the Digital Single Market.** The Digital Single Market can contribute to achieving many EU policy goals, including the objectives of Europe 2020 to modernise Europe's labour markets and green its economy. Currently though we still have 27 Digital Single Markets instead of just one. The current rules need to be updated to enable a Single Digital Market. The fragmented nature of the EU's digital single market is preventing many SMEs from reaping the benefits of the Internet and ICTs as they cannot afford the same legal, tax and/or administrative burdens as the big enterprises. Delivering on the following 'to-do' list, among other measures, is a condition *sine qua non* if Europe hopes to reap the potential of the digital single market in a sector of the economy where future competitiveness, job creation and productivity performance will be decided:

- Accelerate the spread and adoption of ultra high-speed broadband;
- Create reliable, safe and efficient online payment systems;
- Streamline and simplify complex and overlapping VAT systems;
- Lower cross-border shipping costs and increase certainty of delivery;
- Develop a Europe-wide framework with harmonised rules for data protection which take into account new technologies such as cloud computing;
- Delivering a European strategy for IPR.
- The correct application of Article 20(2) of the Services Directive

**3. Building confidence and trust in the Digital Single Market.** Trust is one of the key success factors to the growth of e-commerce and online services. Further measures to stimulate growth of e-commerce by creating trust are mandatory. To create an online market place in which consumers can trust, by ensuring transparency, security and protection of users' rights. Key statistics speak for themselves and should send alarm bells ringing among policymakers:

- The EU is still very weak in high-speed broadband as only 0.9% connections operate at 100 Megabits per second – far from the Digital Agenda's target of 50% penetration of super-fast Internet by 2020;
- Europe does not train enough ICT professionals and the digital skills shortage is forecast to be as high as 700,000 professionals by 2015 and this in a time of a historic rate of 10.2% and the alarming 22.4% for young people.
- Nearly one in two European consumers is not interested in making a cross-border transaction because of worries about safety of delivery which is on average twice as high as domestic shipments;
- 35% of Internet users avoid shopping online because of concerns about the security of payments, lack of legal certainty etc.

Establishing an effective online European Trustmark would be the next step to build upon the foundation established by the above measures, and so to set up efficient and accessible ADR and ODR mechanisms, or reinforcing further enforcement instruments. Adopting an effective e-signature system would be crucial for promoting trust, as well as the launch of a Code of EU Online Rights and better inform about user rights in the EU.

**4. Setting up the basis for a more competitive Europe.** Falling behind on ICT and innovation would have devastating, long-term consequences. That is why, as an urgent priority, the Digital Single Market needs to become a source to provide a business environment that facilitates companies' investment in R&D. Measures such as Connecting Europe Facility, e-procurement and guidelines for e-signature, among others, would be important catalysts to set the basis for technological developments and innovation for businesses.

It is your Rapporteur's point of view that implementing and adapting the existing EU rules to complete the Digital Single Market which help Europe become a level playing actor with its competitors on the global market and will also enable it to make its way out of the current financial crises, stronger than before and ready to face the challenges of the 21st Century Global Economy.

10.9.2012

## **OPINION OF THE COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY**

for the Committee on the Internal Market and Consumer Protection

on completing the Digital Single Market  
(2012/2030(INI))

Rapporteur: Aldo Patriciello

### **SUGGESTIONS**

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

1. Stresses that internet services are offered on a cross-border scale, and that accordingly they require concerted action in line with the Digital Agenda for Europe;
2. Points out that a European market with nearly 500 million people connected to high-speed broadband would act as a spearhead for the development of the internal market; stresses the need to connect the digital agenda with the provision of new services such as e-trade, e-health, e-learning, e-banking and e-government services;
3. Recalls that a Digital Single Market where services can flow freely within a market of 500 million consumers is a crucial driver for competitiveness and economic growth, providing highly-qualified jobs and facilitating the EU's convergence into a knowledge-driven economy;
4. Emphasises that broadband and the internet are important drivers for economic growth, the knowledge society, job creation, innovation and European competitiveness, as well as boosting online commerce and services; stresses that consumers and businesses need broadband access to take full advantage of the internet;
5. Points out that more competition, transparency with regard to traffic management and quality of service, as well as ease of switching, are among the minimum necessary conditions to ensure net neutrality; reiterates its support for an open Internet where content and individual commercial services cannot be blocked; recalls the recent findings by the Body of European Regulators for Electronic Communications (BEREC) and considers that additional measures are needed to ensure net neutrality;

6. Re-emphasizes potential challenges when departing from network neutrality, including anticompetitive behaviour, blockage of innovation, restriction of freedom of expression, lack of consumer awareness and infringement of privacy, and the fact that the lack of net neutrality hurts businesses, consumers and society as a whole;
7. Stresses the importance for the development of the European Digital Single Market of continuing efforts aimed at providing ubiquitous and high-speed access for all consumers, through the promotion of access to fixed and mobile internet and the deployment of next-generation infrastructure; emphasises that this requires policies that promote access on competitive terms;
8. Stresses that achieving a fully operational Digital Single Market requires a coordinated effort to ensure that all citizens, regardless of their age, location, education and gender, have access to the internet and the necessary skills to use it;
9. Urges the Commission and the Member States to provide new impetus to the European fast and ultra-fast broadband strategy by updating the relevant targets;
10. Insists that digital competences are crucial for the development of a competitive Digital Single Market and that all Europeans should be empowered with the appropriate digital skills; emphasises the essential commitment to reduce digital literacy and competence gaps by half by 2015;
11. Recognises the need to create ways of enhancing citizens' trust and confidence in the online environment and to guarantee protection of personal data and privacy and freedom of expression and information, including the removal of geographical, technical and organisational barriers in redress mechanisms;
12. Believes firmly that the protection of privacy not only constitutes a core value of the European Union but, in addition, plays a central role in promoting the necessary user confidence in the digital environment to enable the Digital Single Market to fully develop; welcomes, therefore, the Commission's proposals to adapt the Data Protection Directive to the current digital environment, thereby promoting the innovative character of the online environment and boosting the development of promising new technologies such as cloud computing;
13. Stresses that online markets should be as flexible as possible in order to create better business and development opportunities in this sector;
14. Calls for an integrated European market for card, internet and mobile payments; calls, at the same time, for a facilitated framework for e-invoicing; stresses in both these regards the importance of interoperability and open standards so as to facilitate maximum market potential and competition;
15. Stresses that a well-functioning digital economy is imperative for a well-functioning EU economy; notes, however, that the free movement of digital services is currently severely hindered by fragmented rules at national level, where businesses face many barriers to selling across borders in the European Union, mainly because of the different regulations applicable at Member State level in areas such as consumer protection, VAT, product-

specific regulations and payment transactions; calls on the EU institutions to reinforce their commitment to removing the key regulatory obstacles to cross-border online transactions by 2015; calls on the Commission to continue to propose targeted legislative action to address key impediments;

16. Emphasises the importance of ‘one-stop-shops’ for VAT in order to facilitate cross-border e-commerce for SMEs and promote e-invoicing; points out, however, that such ‘one-stop shops’ should be created only within the framework of existing institutions, without increasing the burden on the tax-payer;
17. Welcomes the European Commission’s legislative proposal for a regulation on electronic identification and trust services for electronic transactions in the internal market, which, by covering mutual recognition and acceptance at EU level of notified electronic identification schemes, has the potential to enable secure and seamless electronic interactions between businesses, citizens and public authorities, thereby increasing the effectiveness of public and private online services, e-business and electronic commerce in the EU;
18. Emphasizes the importance of a harmonised approach to exceptions and limitations in the field of copyright, as well as harmonised statutory exceptions to trademarks and patents, often for the benefit of researchers and developers, to facilitate the development, deployment and consumer uptake of new, innovative services and ensure the legal certainty for researching teams, innovators, artists and users required for a prospering European digital environment to emerge;
19. Stresses the urgent need for the EU to provide business and consumers with confidence and the means to trade online in order to increase cross-border trade; therefore calls for the simplification of licensing systems and the creation of an efficient framework for copyright;
20. Agrees with the Commission that the current legal framework provided by the e-commerce directive requires no review; however, underlines the need for further clarification with a view to the implementation of notice-and-action procedures to deal with illegal content;
21. Emphasises the potential value for consumers and businesses of the digital switchover of public services and calls on Member States to develop national plans for the digital switchover of public services, which should include targets and measures for getting all public services online and accessible by 2015;
22. Points out that the public sector’s use of information and communication technologies is the cornerstone for the development of the digital and knowledge society, and therefore urges the Commission and the Member States to further develop secure and effective e-services; notes, particularly where e-identification and e-signatures are concerned, that cross-border interoperability is a prerequisite for the adoption of cross-border e-invoicing solutions;
23. In its resolution of 20 April 2012 on a competitive digital single market – e-government as a spearhead, the European Parliament stresses the importance of legal certainty, a clear

technical environment and open and interoperable e-invoicing solutions based on common legal requirements, business processes and technical standards in order to facilitate mass adoption;

24. Points to the need to continue working on the regulatory harmonisation of intellectual property rights, whilst respecting citizens' rights and freedoms, in order to facilitate the completion of the Digital Single Market;
25. Calls on the Commission to assess the need to lay down uniform, open European Union standards for e-identification and e-signatures;
26. Notes that the major obstacles to cross-border access to the electronic services provided by public administrations are linked to the use of electronic signatures and identification and the non-compatibility of e-government systems at EU level; welcomes the Commission proposal for a regulation on electronic identification and trust services for electronic transactions in the internal market;
27. Calls on the Member States to draw up cyber-incident contingency plans to cope with cyber-disruptions or cyber-attacks with cross-border relevance, including European and national critical information infrastructure plans, and to develop strategies for a more resilient and reliable infrastructure; stresses that international cooperation in this area should be intensified; recalls that network and information security is the responsibility of all stakeholders, including users at home, service providers and product developers; recommends encouraging cyber-security-related training and education for both citizens and professionals;
28. Emphasises that the internet is increasingly being used on mobile devices and calls for action to ensure increased radio spectrum availability for the mobile internet and to improve the quality of the e-services provided on these mobile devices; the future allocation of radio spectrum must pave the way for European leadership in wireless applications and new services in order to boost European growth and global competitiveness;
29. Notes that both fixed and mobile data traffic is growing exponentially and that a number of actions, such as further harmonised spectrum allocations for wireless broadband, increased spectrum efficiency and a rapid roll-out of next-generation access networks, will be crucial to manage this increase;
30. Notes that assessing the need to open up the 700 MHz band for mobile data traffic is a necessary first step in order to meet future capacity requirements;
31. Recognises that high-speed networks are a prerequisite for the development of online services and economic growth; calls on the European Commission to develop world-leading digital agenda targets to ensure that Europe becomes the global leader with regard to Internet speed and connectivity; invites the Member States to further develop national broadband plans and adopt operational plans with concrete measures to implement the ambitious broadband targets, and underlines the strategic and crucial importance of the instruments proposed by the Commission in the Connecting Europe Facility;



32. Regrets that the EU is lagging behind with regard to internet connections operating on fibre; calls on Member States and the European Commission, therefore, to accelerate the spread and adoption of ultra-high-speed broadband and calls for a European strategy for large-scale deployment of FTTx ('fibre to the x');
33. Considers that, alongside consistent deployment of ICT, it is essential for the development of the Digital Single Market to promote ICT research excellence and foster public and private investment in high-risk, collaborative ICT research and innovation; stresses that Europe should be at the leading edge in the development of internet technologies and standards; proposes that the upcoming financial perspectives and the Horizon 2020 programme substantially increase the EU's ICT research budget;
34. Notes that the rapid deployment of ultra-fast broadband is crucial for Europe's global competitiveness, the development of European productivity and the emergence of new and small enterprises that can be leaders in different sectors, for example health care, manufacturing and the services industry;
35. Calls for specific measures to be taken to ensure that SMEs can fully enjoy the potential of broadband in the fields of e-commerce and e-procurement; calls on the Commission to support Member States' initiatives to develop e-skills in SMEs and to stimulate innovative, internet-based business models through the Competitiveness and Innovation Programme (CIP) and its future successor, the Programme for the Competitiveness of Enterprises and SMEs (COSME);
36. Recognises the major potential of cloud computing and calls on the Commission to propose without delay a European strategy on cloud computing;
37. Calls on the Commission and Member States to develop information technology training programmes regarding consumer rights, obligations and risks in connection with the internal digital market.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	3.9.2012
<b>Result of final vote</b>	+: 35 -: 1 0: 0
<b>Members present for the final vote</b>	Amelia Andersdotter, Jean-Pierre Audy, Ivo Belet, Bendt Bendtsen, Maria Da Graça Carvalho, Jürgen Creutzmann, Brian Crowley, Pilar del Castillo Vera, Gaston Franco, András Gyürk, Fiona Hall, Jacky Hénin, Edit Herczog, Romana Jordan, Krišjānis Kariņš, Lena Kolarska-Bobińska, Béla Kovács, Jaroslav Paška, Vittorio Prodi, Herbert Reul, Jens Rohde, Paul Rübig, Amalia Sartori, Francisco Sosa Wagner, Evžen Tošenovský, Ioannis A. Tsoukalas, Marita Ulvskog, Vladimir Urutchev, Kathleen Van Brempt
<b>Substitute(s) present for the final vote</b>	Ioan Enciu, Françoise Grossetête, Roger Helmer, Marian-Jean Marinescu, Zofija Mazej Kukovič, Vladimír Remek, Silvia-Adriana Țicău

16.7.2012

## **OPINION OF THE COMMITTEE ON CULTURE AND EDUCATION**

for the Committee on the Internal Market and Consumer Protection

on completing the Digital Single Market  
(2012/2030(INI))

Rapporteur: Marietje Schaake

### **SUGGESTIONS**

The Committee on Culture and Education calls on the Committee on the Internal Market and Consumer Protection, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Supports the Commission's determination to strengthen and facilitate the development of ICT infrastructure to bridge the digital divide; recalls that the development of ICT infrastructure impacts positively on the social cohesion, economic growth and competitiveness of the European Union and on communication, creativeness and citizens' access to education and information; welcomes the initiatives within the framework of the programmes for regional and rural development, as well as the initiatives of the EIB for improving the integration of rural areas in ICT infrastructures;
2. Supports the possibility of collaborating with research facilities; welcomes the Commission's plans to promote public and private investment in telecommunications networks as part of the Connecting Europe Facility (CEF), and underlines the importance of the sustained launch of the trans-European digital network for economic growth and competitiveness in the EU;
3. Stresses that micropayments are becoming increasingly important in terms of paying for media and cultural content online, but that there is still scope to further optimise ease of use, and sees this as a useful tool in ensuring that creators are remunerated since they make legal content accessible to the public in an affordable way; considers, therefore, micropayments to be an effective means of combating illegal content; emphasises, however, that problems associated with online payment systems, such as lack of interoperability and high costs of micropayments for consumers, need to be tackled with a view to developing simple, innovative and cost-effective solutions of benefit to consumers and digital platforms;

4. Emphasises that the expansion of the legal range of online cultural content at affordable prices will succeed in reducing illegal platforms in the long term;
5. Welcomes the Commission's initiative addressing the obstacles to the completion of the digital single market, most importantly the barriers inhibiting the development of legal cross-border online services; stresses, furthermore, the need to improve consumer confidence as regards accessing legal cross-border services;
6. Underlines that the Digital Single Market will allow citizens to have access, throughout the EU, to all forms of digital content and services (musical, audiovisual, video games);
7. Urges the Commission to accelerate its preparatory work on a legislative proposal regarding 'collective rights management', with a view to ensuring better accountability, transparency and governance of collective rights management societies, establishing efficient dispute resolution mechanisms, and clarifying and simplifying licensing systems in the music sector;
8. Emphasises that new and expanding internet technologies and online services have increased demand for audiovisual and other cultural and creative digital content and provide new and innovative ways to customise and enrich the offer, particularly among young people; notes, however, that there is currently insufficient legal supply to meet this demand, which circumstance motivates users to access illegal content; believes that innovative business models and different licensing structures need to be considered in order to increase availability; calls for better exploitation of digital technologies, which should constitute a springboard for both differentiation and multiplication of legitimate offers, thereby maintaining consumer confidence and growth whilst ensuring that artists are remunerated fairly and proportionately;
9. Stresses the need to subject cultural works sold online and offline to the same VAT rate; considers, in this context, that the application of reduced VAT rates for online cultural content would boost the attractiveness of digital platforms;
10. Considers it necessary to support the digitisation of educational and cultural works into as many official EU languages as possible, in order to provide valuable and useful content for the public;
11. Welcomes the proposals for increasing availability and developing legal online content services, but highlights the need for a modernised and more harmonised EU copyright at Union level; emphasises, therefore, the need for a copyright law which provides the appropriate incentives, ensures balance and keeps abreast with modern technology; considers that the encouragement, promotion and sustainability of multiterritorial licensing in the digital single market should, above all, be facilitated by market-driven initiatives in response to consumer demand; calls on the Commission, accordingly, to implement the IPR strategy initiatives without delay;
12. Stresses the importance of establishing clear principles to regulate relations with third countries' digital markets, especially as regards Union-level projects such as the digitisation of the world cultural heritage;

13. Welcomes the announcement by the Commission of a new notice and action scheme, and recalls in this context that under the e-commerce directive information society service providers have a duty to act under certain circumstances with a view to preventing or stopping illegal activities occurring online;
14. Emphasises that the power to block websites, which is a last-resort tool for dealing with illegal activities online but whose effectiveness in changing consumer behaviour is questionable, can also violate freedom of expression and therefore cannot act as a panacea; calls on the Commission to draw up proposals for the improved coordination of initiatives and organisations, the aim being to eliminate illegal content at its source; emphasises that all measures that restrict access to internet sites containing or distributing illegal content must be defined in a transparent process and must offer sufficient legal provisions, such as due process, to ensure that restrictions are proportionate and do not exceed the bounds of necessity and that users are informed of the reason for the restriction; stresses that such security provisions should also include the possibility of legal appeal; recognises, meanwhile, the need to find new, easily accessible and legal ways of accessing digital content while respecting cultural diversity;
15. Recalls that Member States also have a role to play by ensuring the rapid and non-bureaucratic implementation of the EU rules in order to make consumers' rights a reality;
16. Notes the Commission's proposals for cooperative measures with payment services to combat unauthorised or illegal content; stresses that any cooperation with private parties should be firmly grounded in a legal framework characterised by respect for data privacy, consumer protection, right of redress and access to justice for all parties; emphasises that the first step must be the effective implementation of 'notice action' measures ensuring respect for the fundamental right to a fair trial before an independent and impartial tribunal established by law, unequivocally and for all;
17. Underlines that all operators, including payment providers and advertisers, have a role to play in the fight against unauthorised and illegal content;
18. Calls on the Commission, in its review of VAT legislation, to address the anomaly of the possible application of reduced VAT rates to printed books and other cultural content but not to identical goods available in electronic format;
19. Calls on the Commission and the Member States to support projects for literacy and familiarisation as regards digital technologies, to be targeted on adults responsible for education and training and for the future of new generations, so as to make them aware of the opportunities and risks that ITC represents for babies and children while also helping to reduce the technological divide between generations.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	10.7.2012						
<b>Result of final vote</b>	<table><tr><td>+: </td><td>25</td></tr><tr><td>–: </td><td>2</td></tr><tr><td>0: </td><td>0</td></tr></table>	+:	25	–:	2	0:	0
+:	25						
–:	2						
0:	0						
<b>Members present for the final vote</b>	Zoltán Bagó, Malika Benarab-Attou, Lothar Bisky, Piotr Borys, Jean-Marie Cavada, Silvia Costa, Santiago Fisas Aixela, Lorenzo Fontana, Mary Honeyball, Petra Kammerevert, Morten Løkkegaard, Emma McClarkin, Emilio Menéndez del Valle, Marek Henryk Migalski, Doris Pack, Chrysoula Paliadelis, Marie-Thérèse Sanchez-Schmid, Marietje Schaake, Marco Scurria, Emil Stoyanov, Hannu Takkula, László Tőkés, Helga Trüpel, Marie-Christine Vergiat						
<b>Substitute(s) present for the final vote</b>	Ivo Belet, Nessa Childers, Seán Kelly, Iosif Matula						

19.9.2012

## **OPINION OF THE COMMITTEE ON LEGAL AFFAIRS**

for the Committee on the Internal Market and Consumer Protection

on completing the Digital Single Market  
(2012/2030(INI))

Rapporteur: Angelika Niebler

### **SUGGESTIONS**

The Committee on Legal Affairs calls on the Committee on the Internal Market and Consumer Protection, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Shares the Commission's view that the online single market is being hampered in reaching its full potential largely because of the existence of a patchwork of different legal provisions and barely 'interoperable' standards and practices;
2. Believes that the Commission should focus more on presenting legislative proposals as opposed to framework documents listing measures that are already awaited and have often been postponed for several years;
3. Is of the opinion that the full harmonisation of exceptions and limitations to copyright is a prerequisite for the completion of the digital single market;
4. Believes that the recently proposed regulation on a Common European Sales Law, which can be agreed on by contracting parties as an alternative to national sales law regulations, has great potential for countering the fragmentation of the single market and making internet business more accessible and legally reliable for consumers and businesses alike;
5. Suggests that cultural works and services sold online - such as digital books - should benefit from the same preferential treatment as comparable products in traditional form such as paperbacks and should therefore be subject to a reduced VAT rate; considers, in this context, that the application of the reduced VAT rate for digital publications could encourage the development of legal offers and significantly boost the attractiveness of digital platforms;
6. Calls on the Commission, in the interest of non-discrimination against goods and services

of a particular type, to urgently clarify that it will not bring any legal action against Member States that decide to introduce the same reduced VAT rates for downloadable digital books and audiobooks as for comparable products on a different physical means of support and in this respect considers the Commission's intention to come back with a proposal on this topic by the end of 2013 to be inadequate to reach a timely settlement of this issue;

7. Welcomes the Commission proposal for a legal framework for the collective management of copyright and related rights with a view to ensuring better accountability, transparency and governance of collective rights management societies, establishing efficient dispute resolution mechanisms, and clarifying and simplifying licensing;
8. Considers clear and understandable information for internet users about which personal data is to be gathered, for what purpose, and for how long, to be essential in strengthening users' rights and bolstering their confidence in the internet; emphasises that legal certainty and clarity and a very high level of data protection must be assured when reviewing the data protection acquis; welcomes the announcement of a general European strategy on the issue of cloud computing for 2012 and, in particular, expects questions on jurisdiction, data protection and areas of responsibility to be clarified in this regard;
9. Requests clarification that internet service providers are obliged to adhere to EU data protection law and EU competition law and to comply with intellectual property rights protection as well as the e-Commerce Directive<sup>1</sup> and the Telecoms Package<sup>2</sup> when dealing with and/or gathering data within the EU, irrespective of where these data are stored and/or processed; considers that a higher level of transparency regarding the identification of internet service providers should play a key role in fostering consumer confidence, promote best practice in this area, and be a key criterion for the creation of a European trustmark;
10. Recalls that under Article 5 of Directive 2000/31/EC providers of online services are obliged to indicate clearly their identity, and that compliance with this requirement is vital to ensuring consumer confidence in e-commerce;
11. Welcomes with great interest the Commission's proposal for mutual recognition of e-identification and e-authentication and for digital signatures;
12. Strongly supports measures both at Member State and European level to prevent product counterfeiting and product piracy on the internet;
13. Views the speedy and cost-effective settlement of disputes, particularly in relation to online transactions, as a central requirement for user confidence; therefore welcomes the Commission's proposals in relation to the extra-judicial settlement and online settlement of disputes under consumer law and the announced legislative initiative for the settlement of disputes between businesses;

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<sup>1</sup> Directive 2000/31/EC of the European Parliament and of the Council of June 8 2000 on certain legal aspects of information society services, in particular electronic commerce in the internal market (OJ L 178, 17.7.2000, p.1).

<sup>2</sup> Directive 2009/136/EC of the European Parliament and of the Council of 25 November 2009 (OJ L 337, 18.12.2009, p.11) and Directive 2009/140/EC of the European Parliament and of the Council of 25 November 2009 (OJ L 337, 18.12.2009, p.37).



14. Regards the further expansion of the broadband network and, in particular, the connection of rural, isolated and outermost areas to electronic communication networks as a central priority; therefore calls on the Commission to check continuously and, if necessary, ensure by regulatory intervention that network neutrality is maintained and that internet providers are not hampered or hindered in accessing the network infrastructure.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	18.9.2012
<b>Result of final vote</b>	+: 25 -: 0 0: 0
<b>Members present for the final vote</b>	Raffaele Baldassarre, Luigi Berlinguer, Sebastian Valentin Bodu, Françoise Castex, Christian Engström, Marielle Gallo, Giuseppe Gargani, Lidia Joanna Geringer de Oedenberg, Sajjad Karim, Klaus-Heiner Lehne, Antonio Masip Hidalgo, Jiří Maštálka, Alajos Mészáros, Bernhard Rapkay, Evelyn Regner, Francesco Enrico Speroni, Dimitar Stoyanov, Rebecca Taylor, Alexandra Thein, Rainer Wieland, Cecilia Wikström, Tadeusz Zwiefka
<b>Substitute(s) present for the final vote</b>	Piotr Borys, Eva Lichtenberger, Angelika Niebler, Dagmar Roth-Behrendt, József Szájer
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Jacek Włosowicz

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	11.10.2012
<b>Result of final vote</b>	+: 33 -: 2 0: 0
<b>Members present for the final vote</b>	Pablo Arias Echeverría, Adam Bielan, Jorgo Chatzimarkakis, Sergio Gaetano Cofferati, Birgit Collin-Langen, Lara Comi, Anna Maria Corazza Bildt, António Fernando Correia de Campos, Vicente Miguel Garcés Ramón, Evelyne Gebhardt, Louis Grech, Mikael Gustafsson, Małgorzata Handzlik, Malcolm Harbour, Iliana Ivanova, Sandra Kalniete, Edvard Kožušník, Hans-Peter Mayer, Gesine Meissner, Sirpa Pietikäinen, Phil Prendergast, Zuzana Roithová, Heide Rühle, Christel Schaldemose, Andreas Schwab, Catherine Stihler, Róza Gräfin von Thun und Hohenstein, Gino Trematerra, Barbara Weiler
<b>Substitute(s) present for the final vote</b>	Regina Bastos, Ildikó Gáll-Pelcz, María Irigoyen Pérez, Olle Schmidt, Olga Sehnalová, Kyriacos Triantaphyllides, Kerstin Westphal