



(02/2022)

7.7.2022

NOTICE TO MEMBERS

Subject: Report of the delegation of the Committee on the Internal Market and Consumer Protection to San Francisco and Silicon Valley (United States), 23-27 May 2022

The IMCO Committee decided to send a delegation to California in order to exchange views on the digital policy agenda, especially on the newly agreed EU rules on online platforms - the Digital Services Act (DSA) and Digital Markets Act (DMA), which brought the EU in a new era of digital platform regulation. As Europe is pioneering new digital laws that will have an impact beyond the EU, US companies took particular interest in Parliament's role in the process.

The delegation was chaired by Mr Andreas SCHWAB (EPP), who was accompanied by Ms Dita CHARANZOVÁ (Renew, EP Vice-President), Ms Christel SCHALDEMOSE (S&D), Mr Andrea CAROPPO (EPP), Ms Alexandra GEESE (Greens), Ms Virginie JORON (ID), and Ms Marion WALSMANN (EPP).

The three-day programme gave IMCO Members the possibility to exchange with numerous digital stakeholders, from the main big tech companies (Google, Meta, Apple, Airbnb, eBay, Paypal, Uber, Salesforce) to start-up, from academia (Stanford University's Center for Internet and Society) to non-profits (Electronic Frontier Foundation).

The main topics covered during the IMCO delegation include:

- the impact of DSA and DMA on all of the companies visited and their role in fostering fairer and more competitive markets, as well as better consumer protection;
- the significance of regulating Artificial Intelligence (AI) in a smart way;
- the importance of safer and more sustainable online markets;
- the increasing economic and geopolitical importance of the cooperation between US and the EU, especially in the current geopolitical context of the Russian war against Ukraine.

Summary report



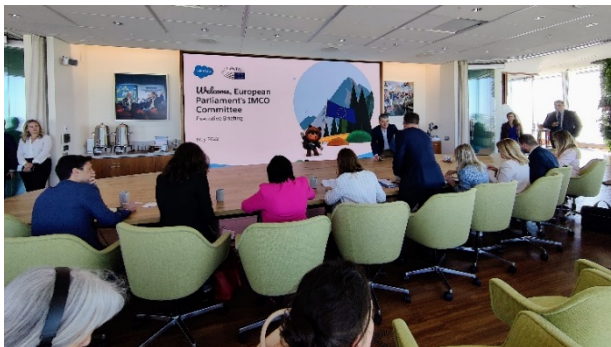
Tuesday, 24 May 2022

1. Association of American European Chambers of Commerce and Business Associations (AECCBA)

Host: Mr Gunther Hofmann, AAECCEBA Chair; Ms Serena Perfetto, President of the Business Association Italy America; Mr Sergio Strozzi, Consul General of Italy in San Francisco.

Members took up mainly on the DSA and DMA files and the representatives of AECCBA outlined the need for dialogue between tech companies and EU representatives in light of the newly adopted legislation, especially focusing on understanding how it will have to apply, how it is going to impact innovation and how trade secrets are protected in the DSA. While there is a will to have more regulation for some aspects, on the other side, Big Tech is very afraid of over-regulation.

AECCBA representatives also highlighted the “changing mood” that affects Silicon Valley, namely the post-covid recovery and the flexibility to work remotely, the big tech massive need for hiring, the inflation and the increase in the interest rates.



2. Salesforce *(an American cloud-based software company headquartered in San Francisco, California. It provides customer relationship management software and applications focused on sales, customer service, marketing automation, analytics, and application development).*

Hosts: Ms Margaret Taylor, Senior Director, Public Affairs; Mr Alexandre Dayon, President, Chairman of Salesforce Advisory Board; Mr Paula Goldman, SVP, SVP, Chief

Ethical & Humane Use Officer; Mr Ed Britan, VP, Associate General Counsel, Head of Global Privacy.

After a brief introduction on how Salesforce operates, Members exchanged on several topics including: how to promote investment, help start-ups and small companies, and respond to the challenges due to dominant companies in the market; what will the new era of Cloud 3 bring (new platforms, new needs, new technologies; core values: trust, customer success; innovation, equality, sustainability; customer relationship management solution, and how it helps bringing companies and customers together, as well as general discussion on start-ups, innovation, platforms, collaborative economy, new solutions to users).

According to Salesforce, EU law is creating opportunities, helping them grow Nevertheless, certain companies still have the misperception that EU legislation is burdensome. Mr Ed Britan, Global Head of Privacy, outlined that privacy is a fundamental human right and the legislation adopted by EU will lead the world. “As privacy is the core of Salesforce’s business, the company is pushing for a US privacy law”, Mr Britan concluded.

3. Airbnb (an American company that operates an online marketplace for lodging, primarily homestays for vacation rentals, and tourism activities. Based in San Francisco, California, the platform is accessible via website and mobile app.)

Host: Mr Nate Blecharczyk, Airbnb's co-founder.

Members brought up the topic of the collaborative economy, proactive measures such as responsibility before liability; domestic regulations in the EU and US; consumer services and consumer safety. In terms of compliance with EU legislation, Airbnb stated that is working with national authorities throughout the EU in several fields. Airbnb cited the example of the host registration system (applied in several cities in various Member States) which makes it easier for the host to be compliant with the national and EU law.

While certain issues related to illegal content will be addressed in the DSA, the company considers that due to its specificities the upcoming short-term rental proposal will tackle the issue more comprehensively. For such a proposal Airbnb is asking for: an EU host register, online host registration system (one central database), clarification of local rules, supporting enforcement, enabling greater access to data and ensuring compliance with GDPR.

4. Allied for Start-ups and Engine Advocacy

Host: Ms Melissa Blaustein, CEO of Allied for Startups.

The IMCO delegation met with two platforms supporting start-ups both in the EU as well as in the US. The Exchange of views on the impact of EU legislation on start-ups was very lively and interesting for both parties.

5. Electronic Frontier Foundation (EFF) (an international non-profit digital rights group formed on 10 July 1990 by John Gilmore, John Perry Barlow and Mitch Kapor to promote Internet civil liberties)

Host: Ms Corynne McSherry, Legal Director, Mr David Green, Senior Staff Attorney and Civil Liberties Director, Mr Andrew Crocker, senior staff attorney.

The Discussion with Members touched upon EU and US competition policy and interoperability, chat-control and encryption, content moderation on online platforms and artificial intelligence.



EFF representatives raised certain issues regarding freedom of speech, especially anonymity for persons granted political asylum. In response, the DSA and DMA rapporteurs explained the nuances of the new laws and confirmed that the aim of the regulations is to create a level playing field online while protecting the rights of the users. The EFF representatives were satisfied with the answer.

6. Cloudflare *(an American web-infrastructure and security company, providing content-delivery-network services, DDoS mitigation, cloud services, security, and domain-name-server services. Trusted by over 26 million Internet properties).*

Host: Mr Doug Kramer, General Counsel; Mr Trey Guinn, Field Technologist; Mr Justin Paine Head of Trust & Safety; Ms Kristin Berdan, Research Lead.



After a brief introduction to Cloudflare, discussions focused on internet stack and the role of internet infrastructure services with regards to online content (DSA), protection of vulnerable groups online including journalists and NGOs through Cloudflare's [Project Galileo](#) as well as protecting election entities from cyber-attack ([the Athenian Project](#)), cyber-attacks related to the Ukraine invasion.

Cloudflare is protecting more than 35 Ukrainian government websites since the start of the Russian invasion, more than 20 financial services and media websites and 92 civil society organisations. Members asked pertinent questions regarding online safety in the current geopolitical context and were very satisfied with the detailed answers they received.

7. Uber *(an American mobility as a service provider with operations in approximately 72 countries and 10,500 cities).*

Host: Ms Ann Levin, VP for Central Policy; Mr Sachin Kansal, VP for Product Management; Ms Arundhati Singh, VP for Product for Marketplace; Ms Miriam Chaum, Director, Head of Works and Economic Policy; Ms Uttara Sivaram, Senior Manager, Head of Privacy and Data Policy

Members exchanged mainly on collaborative economy, consumer safety and platforms responsibility.

Uber claimed that its business model bridges the physical and digital world; therefore, the DSA and DMA are less of significance to Uber, but platform responsibility, both online and offline, remains a vital issue. Members asked a number of questions regarding drivers' rights and safety, both online as well as offline.

8. AT&T *(an American multinational telecommunications holding company. It is the world's largest telecommunications company and the largest provider of mobile telephone services in the US).*

Host: Mr Andrew Reinsdorf, Senior Vice President for International Public Affairs

Discussions with Members covered the changing dynamics of the market: telecom operators,

traditional online service providers, platforms, and consumers; AI; cybersecurity; and fighting illegal content online.

Members were particularly interested in exchanging on the implications of EU digital legislation on online services from a telecom provider perspective who provides services on both sides of the Atlantic.

Wednesday 25 May 2022

9. Center for Internet and Society at Stanford Law School

(Stanford Law School is the law school of Stanford University, a private research university near Palo Alto, California. Established in 1893, it is consistently regarded as one of the most prestigious law schools in the world).



Host: Mr Russell Wald, Director of Policy for Stanford's Institute for Human-Centered Artificial Intelligence (HAI)

Members started their visit with a tour of the campus and a virtual reality lab, and exchanged about the implications of virtual reality on humans' and their behaviour.



The visit was followed by a panel discussion on AI with various Stanford professors and academics. The discussion focused on the DSA (the issue of misinformation, advertising, protection of minors), DMA (monopolies as threat to democracy, competition rules, the potential of unbundling for interoperability and data portability) and AI act (how to strike the right balance between innovation and respect of fundamental rights; finding the right balance between "good" and "bad" algorithms; types of AI).

10. Google *(an American multinational technology company that focuses on artificial intelligence, search engine, online advertising, cloud computing, computer software, quantum computing, e-commerce, and consumer electronics).*

Hosts: Mr Neal Mohan (Senior Vice President, YouTube products) on YouTube and content moderation; Charina Chou (Global Policy Lead for Core and Emerging Technologies) on AI; Pandu (Vice President, Search).



Amongst other things, Members had the opportunity to exchange views on the recently concluded EU regulation on DMA and DSA, YouTube and content moderation, Google Search and AI technologies.

In particular, Google appreciated the newly approved DSA and DMA, as they bring more clarity into legislation. The company presented its logic into providing data for users, but also for

storing data. According to Google, the company always follows the applicable local laws; if the laws are too restrict, then it may decide not to provide services in such a country. The company was proud to present its newest features - for example, the latest techniques enabling online translation into 24 new languages. As regards ranking of Google search - Google ranking systems are using quality guidelines.

AI act - Google pleaded for an exemption for the general purpose AI, insisting that they were developing their own AI systems used by millions of persons, and therefore they do not have control on how people use those systems. The general purpose AI is not inherently high risk, but could be used by someone as high risk while Google has no control over it.



Youtube: presentation by Mr Pandu Nadak: Youtube has a responsibility as a global platform. They identify illegal content via automated tools, demoting illegal content, and they have blocked 17.000 videos and 9.000 channels that contained disinformation, including videos published in Russia. Youtube agrees with the aim of the DSA; however, according to Youtube,

the notification, appeals and redress mechanisms around every single decision will be very difficult to apply by the company.

11. Meta (Facebook, Instagram, WhatsApp)

(an American multinational technology conglomerate, parent organization of Facebook, Instagram, and WhatsApp, among other subsidiaries).

Hosts: Mr Andy O'Connell, Vice President Product Policy and Strategy; Mr Tony Close, Director Content Regulation; Mr Luca di Mauro, Director Consumer Product Strategy;

Members discussed with Meta representatives several topics including: data policy and consumer protection, notice and action, targeting advertising, online platforms, liability of online intermediaries, and fake news.



Meta acknowledges that DSA and DMA are important steps providing for a robust,



comprehensive, effective model for regulation, and represent a model that could be adopted in other countries. It is already implementing transparency guidelines on how users should behave on the platforms, how ranking and distribution works, all of which is broadly aligned with the expectations and ambitions of the DSA. However, Meta will have to build new tools and systems,

processes and solutions in order to comply with the new obligations under the DSA. Regarding the targeted advertising provisions, Meta provisions are largely aligned with the DSA recently adopted legislation.

12. Game developers: Electronic Arts, Sony Interactive Entertainment, Riot Games, Roblox and Microsoft.

Members had also the opportunity to exchange with game developers regarding the DSA's and DMA's impact on the gaming sector, consumer protection and loot boxes. Discussion covered game developers approach to EU laws on consumer protection, especially of vulnerable consumers. This exchange was particularly pertinent in view of the IMCO own Initiative Report on videogames, which is currently under discussion in the Committee.

Thursday 26 May 2022

13. Apple (*an American multinational technology company that specializes in consumer electronics, software and online services*).

Host: Ms Michelle O'Neill, Head of E.U. Government Affairs, Mr Jason Lundgaard, Head of US Government Affairs

After an on-site visit to the company facilities, Members brought in the discussion the potential impact of the upcoming new EU legislation on common charger, the use of consumers data and consumer safety, free flow of data for commercial purposes; cyber security; e-payments and e-commerce.



Apple informed the IMCO Members that it does not send information and process information. Apple claimed that it creates consumer experiences without privacy-compromising facial recognition. Eighty one percent of Apple revenues comes from hardware; according to Apple, their revenues do not come from data, but from selling products and user experience. Apple is promoting privacy and sustainability as core values. Regarding common charger, Apple is preparing for the USB-C, however they need time to comply and enable the time for transition. As for sustainability, Apple representatives raised some issues with the eco-design rules that are seen as restrictive.

14. eBay (*an American multinational e-commerce corporation, that facilitates consumer-to-consumer and business-to-consumer sales through its website*).

Hosts: Ms Cathy Foster, VP Global Government Relations and Public Policy; Mr Steve Priest, Chief Finance Officer; Ms Marie Oh Huber, General Counsel; Ms Charlotte Cheynard, Senior



Manager EU affairs.

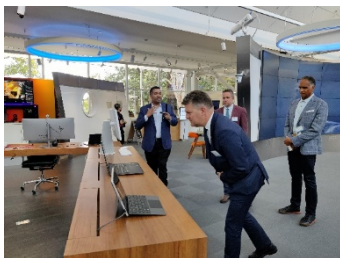
Members and eBay representatives exchanged views on online platforms and sharing economy; liability of online intermediaries; cybersecurity and consumer protection; hands-on vs hands-off policy and a need for a level playing field.

Mr Steve Priest outlined that eBay enables small businesses to thrive. There are nine different platforms across EU (*i.a.* in UK, Germany, France and Italy) and hundreds of thousands of small sellers in the EU. eBay is one of the founding members of the Product safety pledge. It is using AI, machine learning and human review to stop unsafe products to enter the market using a hybrid approach to combat counterfeit goods and product safety.



15. HP inc (*HP Inc is one of the two companies formed in 2015, after the division of the original Hewlett Packard Company. Their product portfolio includes personal computers (PCs), imaging equipment and related supplies, as well as 3Dprinting/Additive Manufacturing solutions for several sectors including healthcare and aerospace. They are present in 22 countries of the EU where they employ more than 7,000 people).*

Host: Mr Harvey Anderson, Chief Legal Officer; Ms Giulia Buttini, Government Affairs & Public Policy Lead, EU.



After an on-site visit of in-house hardware innovation, Members centred their discussion on hardware sustainability, circular economy and innovation.

When it comes to sustainability, HP is planning to reduce GHG emissions by 50% by the end of 2030, and achieve net-zero GHG emissions by 2040. HP also pledges to reach 75% circularity for products and packaging by 2030, and has committed to maintaining zero deforestation for HP paper and paper-based packaging.

16. Argo AI (*an autonomous driving technology company headquartered in Pittsburgh, Pennsylvania. The company was co-founded in 2016 by Bryan Salesky and Peter Rander, veterans of the Google and Uber automated driving programs).*

Host: Ms Cynthia Kwon, Vice President of Strategy; Mr Andrew Woelfling, Global Head of Public Policy and Government Relations; Mr Florian Döllner, European Affairs Lead.

After an on-site visit and a demonstration of AI in autonomous driving, discussions addressed the potential of autonomous vehicles for helping



Europe in meeting its goals in the area of smart and sustainable mobility. Members were particularly interested in understanding where the liability lies and the level of autonomy reached by the cars so far. Ms Kwon compared experiences gathered by the Argo AI vehicles in Europe and in the US.



17. Paypal *(an American multinational financial technology company operating an online payments system in the majority of countries that support online money transfers, and serves as an electronic alternative to traditional paper methods such as checks and money orders).*

Hosts: Mr Sri Shivananda, Chief Technology Officer, Ms Gabrielle Rabinovitch, CFO, Mr Matti Salakari, Government Relations Manager

After a brief introduction into PayPal,

Members exchanged on the company core services, business model, trends in the digital economy and digital payments, and PayPal's customer focus. Other points of discussion were the protection and empowerment of customers in a digital world, an outlook on new technologies and responsible innovation.

Another topic of the meeting was on security and cybersecurity issues, as these are the core elements linked to safe transfer of money. The company strives for constant innovation - what was good for yesterday is not good for today. Part of the discussion also covered on cryptocurrencies and their taxation.

Conclusions

The delegation to San Francisco, Silicon Valley provided a unique opportunity for IMCO Members to exchange on issues directly related to the recently concluded key files such as the DMA and DSA as well as related files on AI and consumer protection. It was a unique and timely occasion to exchange with US companies and academic institutions on these different issues and was of great value for the ongoing discussions on digital files. Additionally, the delegation allowed IMCO members to gather evidence and exchange ideas on the important issues of regulating big tech and moderating illegal content online.



