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THE UBIQUITOUS DIGITAL SINGLE MARKET

The digital single market benefits the economy, reduces environmental impacts and enhances quality of life through e-commerce and e-governance. With services transitioning from fixed to mobile platforms, this shift necessitates an EU framework for cloud computing, cross-border content access and seamless mobile data, while ensuring privacy and cybersecurity. The European digital single market was vital during the COVID-19 crisis. The Digital Services and Digital Markets Acts will significantly transform the market in the coming years.

LEGAL BASIS

Articles 4(2)(a), 26, 27, 114 and 115 of the Treaty on the Functioning of the European Union.

OBJECTIVES

The digital single market (DSM) aims to eliminate national barriers to online transactions, building on the common market concept designed to remove trade barriers among the Member States. This evolved into the internal market, promoting the free movement of goods, persons, services and capital. The Europe 2020 strategy highlighted the Digital Agenda for Europe, emphasising the importance of information and communications technology (ICT) for the EU's 2020 goals. Recognised as a priority, the DSM is central to the Commission's DSM strategy ([COM\(2015\)0192](#)) and the President of the Commission's 2019-2024^[1] agenda.

The DSM can enhance access to information, reduce transaction costs, minimise environmental impacts and introduce better business models. E-commerce growth offers [tangible benefits](#) for consumers, such as new products, lower prices, more choice and higher-quality goods, while boosting cross-border trade and offering easy price comparison. Additionally, the rise in e-government services streamlines online compliance and access to jobs and business opportunities for EU entities.

ACHIEVEMENTS

Given that the full potential of the internal market remains unexploited, Parliament, the Council and the Commission have made efforts to relaunch it, and to put the public,

[1] See 'A Union that strives for more – My agenda for Europe: political guidelines for the next European Commission 2019-2024'.



consumers and small and medium-sized enterprises (SMEs) at the centre of the single market policy^[2]. The DSM has a salient role to play in these efforts.

In its communication entitled 'Europe 2020 - A strategy for smart, sustainable and inclusive growth' ([COM\(2010\)2020](#)), the Commission presented seven flagship initiatives - including the Digital Agenda - intended to 'turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion'.

The Commission communications and Parliament [resolution of 20 May 2010](#) set the stage for the 'Towards a Single Market Act' ([COM\(2010\)0608](#)), introducing measures to boost the EU economy and job creation. In October 2012, the Commission introduced the Single Market Act II ([COM\(2012\)0573](#)), with 12 key actions centred on the four main drivers of growth, employment and confidence: integrated networks, cross-border mobility, the digital economy and actions promoting cohesion and consumer benefits.

On 6 May 2015, the Commission launched the DSM strategy with three pillars: improving access to digital goods/services across the EU; fostering conditions for digital networks and innovative services; and optimising the digital economy's growth potential. Following the strategy's release, the Commission proposed several legislative measures to achieve a DSM. They addressed issues such as unjustified geo-blocking ([COM\(2016\)0289](#)), cross-border parcel delivery ([COM\(2016\)0285](#)), cross-border portability of online content services ([COM\(2015\)0627](#)), a revision of the Consumer Protection Cooperation Regulation ([COM\(2016\)0283](#)), audiovisual media services ([COM\(2016\)0287](#)), contracts for online and other distance sales of goods ([COM\(2015\)0635](#)), and contracts for the supply of digital content ([COM\(2015\)0634](#)). The Commission has also published communications explaining future policy approaches, e.g. to online platforms ([COM\(2016\)0288](#)).

In 2018, the Commission presented its strategy on artificial intelligence (AI) for Europe ([COM\(2018\)0237](#)) and agreed on a coordinated plan with the Member States^[3]. In April 2019, the High-Level Expert Group on Artificial Intelligence presented its '[Ethics Guidelines for Trustworthy AI](#)', while in February 2020, the Commission presented its white paper entitled 'Artificial Intelligence - A European approach to excellence and trust' ([COM\(2020\)0065](#)), its communications on Shaping Europe's Digital Future ([COM\(2020\)0067](#)) and the European strategy for data ([COM\(2020\)0066](#)), and, in March 2021, its communication entitled '2030 Digital Compass: the European way for the Digital Decade' ([COM\(2021\)0118](#)).

On 8 April 2020, the Commission issued a [recommendation](#) on a common EU toolbox for the use of technology and data to combat and exit from the COVID-19 crisis.

In May 2020, the Commission announced in its communication entitled 'Europe's moment: Repair and Prepare for the Next Generation' ([COM\(2020\)0456](#)) that the DSM would be a pillar of the EU's COVID-19 recovery plan. This communication focuses

[2]Earlier efforts sought to improve the operation of the internal market and ensure consumer protection through, for example: the Data Protection Directive (95/46/EC), the e-Commerce Directive (2000/31/EC), the Telecommunication Package including the e-Privacy Directive (2002/58/EC), the Payment Services Directive (2007/64/EC), the Consumer Rights Directive (2011/83/EU) and the Roaming Regulation ((EU) No 531/2012).

[3]European Commission press release of 7 December 2018 entitled '[Member States and Commission to work together to boost artificial intelligence "made in Europe"](#)'.



on: (1) investment in better connectivity, (2) a stronger industrial and technological presence in strategic parts of the supply chain (e.g. AI, cybersecurity, 5G, cloud infrastructure), (3) a real data economy and European data spaces, and (4) fairer and simpler business environments. This communication provides direction for how NextGenerationEU funds are to be allocated by Member States.

ROLE OF THE EUROPEAN PARLIAMENT

Parliament has played a leading role in relaunching the internal market and is a keen promoter and agenda setter for the DSM.

In its [resolution of 20 April 2012](#), Parliament emphasised the need for a coherent legal framework for the mutual recognition of electronic authentication and signatures to facilitate cross-border services in the EU. On 11 December 2012, it passed resolutions on completing the DSM and [digital freedom in EU foreign policy](#). Additionally, its [resolution of 4 July 2013](#) highlighted the possibility of maximising the DSM's potential, bridging skills gaps, enhancing security, boosting trust and consumer confidence, promoting legal digital content and establishing mobility services with an international dimension.

In response to the DSM strategy, Parliament passed a [resolution on 19 January 2016](#) entitled 'Towards a Digital Single Market Act'. It urged the Commission to put an end to unjustified geo-blocking, to enhance consumers' access to goods/services and to ensure consistent consumer protection for all digital content. The resolution emphasised the need for better cross-border parcel delivery solutions and support for SMEs and start-ups, while tapping into new ICT technologies such as big data and 3D printing. It also advocated for innovation-friendly policies for online platforms and a review of the e-Privacy Directive to align with new EU data protection standards.

Parliament has been advancing the DSM with robust legislative actions, including: net neutrality guarantees; ending roaming charges on 15 June 2017 ([Regulation \(EU\) 2015/2120](#)); banning unjustified geo-blocking ([Regulation \(EU\) 2018/302](#)); launching a single digital gateway ([Regulation \(EU\) 2018/1724](#)); measures to reduce the costs of high-speed electronic communications networks ([Directive 2014/61/EU](#)); rules for electronic identification ([Regulation \(EU\) No 910/2014](#)); European cybersecurity rules ([Directive \(EU\) 2016/1148](#)); contracts for digital content and services ([Directive \(EU\) 2019/770](#)); and digital copyright ([Directive \(EU\) 2019/790](#)).

Preparatory work by the [Digital Single Market Working Group](#) has laid the groundwork for Parliament's achievements in the digital area with the support of [research](#) and scientific evidence. Research carried out for Parliament shows the significant potential of the [DSM](#), in particular in [reducing costs and barriers](#) in the EU for consumers and businesses and making the EU [economy greener](#) and [more social](#). In the EU, a significant part of this potential can be achieved through the development of [e-government and related services](#), such as e-health.

The data protection package, including [Regulation \(EU\) 2016/679](#) and [Directive \(EU\) 2016/680](#), ensures easier access to personal data, a clarified 'right to be forgotten', data portability and knowledge of data breaches. It became effective on 25 May 2018,



with Member States transposing the directive by 6 May 2018. Furthermore, on 20 June 2019, [Regulation \(EU\) 2019/1150](#) on addressing online intermediation services was adopted. On 18 December 2019, Parliament passed a [resolution](#) on the digital transformation of health and care in the DSM.

Parliament's legislative work on the DSM contributes about EUR 177 billion annually to the EU economy. According to a [study](#), key areas of benefit include electronic communications and services (EUR 86.1 billion), data flows and AI (EUR 51.6 billion), the single digital gateway (EUR 20 billion) and regulations on geo-blocking and online platforms (EUR 14 billion). In its April 2020 [resolution](#), Parliament emphasised that the post-COVID-19 recovery would focus on digital transformation to rejuvenate the economy.

Ahead of the Commission proposal on AI that was published in April 2021 ([COM\(2021\)0206](#)), Parliament set up a Special Committee on Artificial Intelligence in a Digital Age in order to analyse the impact of artificial intelligence on the EU economy. On 20 October 2020, it adopted three resolutions outlining how the EU can best regulate AI while preserving [intellectual property](#), [ethical standards](#) and [civil liability](#), as supported by various [research](#).

On 21 April 2022, Parliament's Committees on Internal Market and Consumer Protection (IMCO) and on Civil Liberties, Justice and Home Affairs (LIBE) held a joint [hearing](#) on the Artificial Intelligence Act proposal, to discuss the Commission's recommendations. The committees adopted a [report](#) that recommended amendments such as banning predictive policing and expanding the list of high-risk AI. It also proposed a more inclusive role for the AI Office and closer alignment with the General Data Protection Regulation. Progress was made in the fourth trilogue on 24 October 2023, especially on the contentious filter mechanism for high-risk AI systems. The committees are working towards finalising negotiations by the end of the year, with the next trilogue scheduled for 6 December 2023.

For the DSM to function efficiently, it is essential to understand the Member States' laws. In November 2020, a study for the IMCO Committee entitled 'Legal obstacles in Member States to Single Market rules' revealed that barriers are not solely digital-specific. Numerous DSM strategy measures aimed to address cross-border online sales issues. Although a gap in dependable information on Member State regulations persists, the single digital gateway ([Regulation \(EU\) 2018/1724](#)) will address this by the end of 2023. Another 2020 [study](#) for IMCO assessed Points of Single Contact and related services, emphasising the need for better monitoring with the upcoming Single Digital Gateway Regulation.

To advance the DSM, Parliament adopted a resolution on the Digital Services Act on 20 October 2020. It suggests that the package bolsters the internal market, guarantees consumer protection, ensures offline and online activity parity, maintains transparency, respects rights and includes non-EU entities affecting EU consumers. The resolution drew from research, a [workshop](#) and a [series of studies](#) commissioned by the IMCO Committee.

On 15 December 2020, the Commission submitted its [proposed Digital Services Act package](#) to Parliament and the Council under the co-decision procedure. The



package comprises two legislative initiatives: the [Digital Services Act \(DSA\)](#) and the [Digital Markets Act \(DMA\)](#). Its main goals are to create a safer digital space in which the fundamental rights of users of digital services are protected, and to establish a level playing field to foster innovation, growth and competitiveness in the European single market and globally. The DSA ([Regulation \(EU\) 2022/2065](#)) and the DMA ([Regulation \(EU\) 2022/1925](#)) were formally adopted by Parliament and the Council on 19 October 2022 and 14 September 2022 respectively, and came into force in May 2023.

A [study](#) relevant to the DSA and DMA examined the effects of targeted advertising on consumers and the market. Insights were also gained from a [workshop](#) discussing the implications of the DSA and DMA, and from a [hearing](#) with Facebook whistleblower Frances Haugen, highlighting big tech's malpractices. The alignment of the DSA and DMA proposals with IMCO's October 2020 [report](#) shows that Parliament can influence the legislative agenda, even without a direct right of initiative.

A [study](#) from February 2022 examined the impact of 'influencers' on advertising and consumer protection in the single market, particularly in spreading misleading information and promoting unsafe products. This study's findings may guide future legislation on the topic. The influencer marketing industry, which has expanded rapidly, frequently uses deceptive tactics to target vulnerable consumers. The DSA and DMA aim to enhance transparency and regulate online platform gatekeepers – crucial areas in influencer activity.

A [study](#) requested by the IMCO Committee and published in December 2022 analyses the environmental footprint of online trade in the context of the circular economy. It also provides information on the role of e-commerce in the implementation of the European Green Deal and makes recommendations for future action.

For more information on this topic, please see the website of the [Committee on Internal Market and Consumer Protection](#).

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