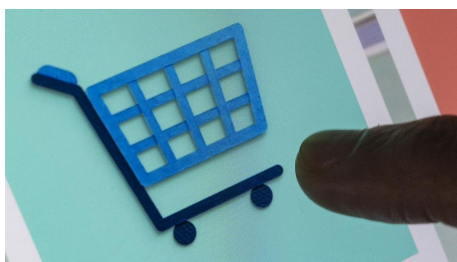


## Why does the EU want to regulate the platform economy?



Video

[https://multimedia.europarl.europa.eu/en/illegal-offline-it-should-be-illegal-online-too\\_N01-AFPS-201014-DIGS\\_ev](https://multimedia.europarl.europa.eu/en/illegal-offline-it-should-be-illegal-online-too_N01-AFPS-201014-DIGS_ev)

**The platform economy brings benefits but also risks. Read about the issues the EU wants to solve with new rules and the solutions proposed by MEPs.**

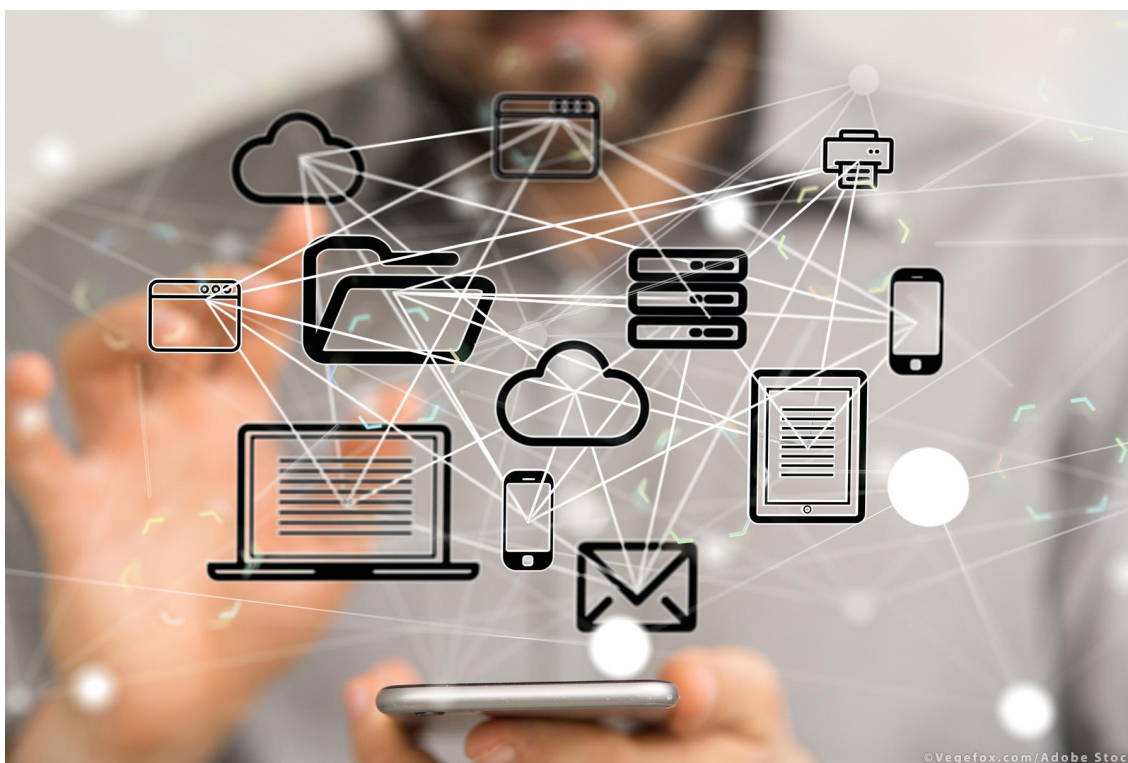
The last two decades have been marked by the unprecedented development of the online world - the rise of new technologies, companies, new ways of working, shopping, booking accommodation or even ordering food and transport. The [e-Commerce directive](#), the [cornerstone of the digital single market](#), was adopted in 2000, when platforms like Amazon, Google and Booking.com were just starting out, and Facebook, Airbnb and Instagram did not even exist.

EU legislation needs to catch-up with online developments and that is why the EU is working on a new legislative framework called the [Digital Services Act \(DSA\)](#), which will set guidelines for the new online landscape, including online platforms, to ensure a better, safer digital environment for users and companies throughout the EU.

### The economic importance of the platform economy

One of the most significant developments in the last 20 years is the rise of [online platforms](#). They include online marketplaces, social media, app stores, price comparison websites as well as search engines, and it is hard to imagine life without them.

By making cross-border trading within and outside the EU easier, platforms have brought significant benefits for consumers and opened new opportunities for European businesses and traders. According to the European Commission, one million EU businesses are already selling goods and services via online platforms, and more than 50% of small and medium enterprises selling through online marketplaces sell cross-border.



The last 20 years have been marked by the unprecedented development of the online world ©AdobeStock\_vegefox.com

## Online platform issues the EU wants to regulate

New opportunities bring new risks however. European consumers have been exposed to new ranges of illegal goods, activities and content, while new online businesses struggle to enter a market dominated by large platforms. Connecting many businesses with many consumers through their services and their access to large amounts of data gives big platforms leverage to control and set standards for important areas of the digital economy. The EU wants to regain the initiative to shape those areas at the European level and set standards for the rest of the world.

## How do MEPs want to address these problems?

MEPs have

spelled out their priorities for what the [Digital Services Act](#) should include

:

- It should apply to EU companies as well as those established elsewhere that sell to European consumers, and to all digital services, not only online platforms.
- Consumers should be equally safe when shopping online and in “traditional” stores. What is illegal offline should be considered illegal online, and platforms should step up their efforts to tackle traders selling fake or unsafe products.
- Introducing a “know your business customer” rule would require platforms to check and stop fraudulent companies using their services to sell unsafe products or spread disinformation.
- Consumers should have the right to be informed if a service is using AI and given more control and the right to opt-out, while targeted advertising should be better regulated.
- The DSA should make it easier for new companies to enter the market by addressing the uncompetitive situation created by big digital players that currently set the rules for their users and competitors. The proposed rules would stop large platforms from acting as “gatekeepers” for market access.
- The rules should provide clarity and guidance about tackling illegal and harmful content online.

## Background and the next steps

The European Commission presented its proposal for a new [Digital Services Act](#) on 15 December. Parliament’s [internal market](#), [legal affairs](#) and [civil liberties](#) committees had already prepared recommendations for the Commission on different aspects of the act, which were adopted by Parliament on 20 October.

### Find out more

[Check legislative progress: Digital Services Act](#)

[Press release: MEPs spell out their priorities for the Digital Services Act \(28 September 2020\)](#)

[Press release: Managing harmful content while protecting freedom of expression \(1 October 2020\)](#)

[European Commission: New EU rules on e-commerce](#)

[Digital Services Act: guaranteeing fundamental rights and consumer protection is essential, say lead MEPs \(15 December 2020\)](#)