Completing the digital single market

2012/2030(INI) - 11/01/2012 - Non-legislative basic document

PURPOSE: to define a coherent framework for building trust in the Digital Single Market.

BACKGROUND: a genuine Digital Single Market would generate new types of growth. The hitherto unrealised potential is enormous and would benefit all the territories and economic sectors of the European Union. In the G8 countries, South Korea and Sweden, the internet economy has brought about 21% of the growth in GDP in the last five years.

Nevertheless, **the share of the internet economy in European GDP remains small**. It was no more than 3% in 2010. Although the growth rate of e-commerce at national level is high, this new vector remains marginal at only 3.4% of European retail trade. It is less advanced than in the United States or Asia-Pacific and **tends not to go beyond national borders**; cross-border activity remains low.

The Digital Single Market is far from achieving its full potential; the cost of the failure to complete it is expected to be at least 4.1% of GDP between now and 2020, i.e. EUR 500 billion or EUR 1000 per citizen. The European Union cannot just resign itself to bearing the costs of a fragmented digital market after having set ambitious objectives for renewed, sustainable, smart and inclusive growth by 2020. Instead, it must set objectives that match the growth potential of online commerce and services, which could reach **15 to 20% of GDP growth by 2015** in the Netherlands and the United Kingdom, for example.

Boosting online commerce and services at European level requires firm and concerted action in line with the Digital Agenda for Europe.

CONTENT: this Communication constitutes a new contribution to the implementation of the Digital Agenda, since it establishes an action plan for the development of online services and, through the Annual Growth Survey, offers a response to the request from the European Council to submit a roadmap to achieve a Digital Single Market by 2015.

Five obstacles: this Communication identifies five main obstacles to the Digital Single Market and proposes an action plan to remove them:

- the supply of legal, cross-border online services is still inadequate;
- there is not enough information for online service operators or protection for internet users;
- payment and delivery systems are still inadequate;
- there are too many cases of abuse and disputes that are difficult to settle;
- insufficient use is made of high-speed communication networks and hi-tech solutions.

Five priorities for an action plan: the solutions proposed in the action plan are not an exhaustive list. The plan places emphasis on strengthening a **single harmonised framework** for e-commerce and other commercial online services. It opens a new chapter on this subject in the digital approach for Europe, continuing the logic, of the Single Market Act, and is part of a wider commitment from the European Union aimed at boosting the economy and the information society, ranging from promoting online administration and digital literacy to standardisation and online security.

The five priorities of the action plan are as follows:

Develop the legal and cross-border offer of online products and services: in order to benefit fully from a Single Market for online services, consumers in all Member States must have legal access to a wide

range of products and services, offered over the largest possible geographical area. To this end, the Commission will undertake the following key actions:

- ensure that the **Electronic Commerce Directive and the Directives protecting online consumers are correctly applied** by improved administrative cooperation with the Member States, in particular through the extension of the Internal Market Information System (IMI), the Consumer Protection Cooperation network (CPC) and an in-depth evaluation study of the transposition and implementation of the Directive (2012);
- ensure that the **European strategy for intellectual property rights** is implemented rapidly and ambitiously, in particular by means of a legislative initiative on private copying (2013) and the review of the Directive on copyright in the information society (2012). The Commission will also report on the outcome of the consultation on the online distribution of audiovisual works and on the implications of the "Premier League" ruling;
- ensure that the rules on **selective distribution** are applied rigorously and fight **unfair business practices**. In parallel to this, ensure that access for citizens to online services is not undermined by anti-competitive practices.

2) Improve operator information and consumer protection: both providers and users of online services must be able to access or receive sufficiently complete and reliable information on their activities. In particular, consumers must have their rights protected and be assured that their personal data will be used appropriately. The Commission will engage in the following key actions:

- improve **training for online traders** in their obligations and the opportunities offered by the Digital Single Market, in particular through the Enterprise Europe Network with the assistance of the European Consumer Centres Network (ECCNet) as regards issues relating to consumers, and through the publication of a special guide (2012);
- through dialogue with the stakeholders, develop **codes of good conduct, good practice guides and guidelines** giving consumers access to transparent and reliable information allowing them to compare more easily the prices, the quality and the sustainability of goods and services (2013-2014);
- adopt a "**European Consumer Agenda**" putting forward a strategy and initiatives to place consumers at the heart of the Single Market, including digital issues, in particular by empowering consumers and appropriate protection of their rights (2012);
- present a European action plan for **online gambling** which will focus on administrative cooperation, consumer protection and the development of a legal market (2012);
- through the implementation of the Directive on **falsified medicinal products**, ensure adequate protection for patients purchasing medicinal products online primarily by contributing to the creation of trustmarks which identify sites providing the public with legal offers of medicinal products through distance sales (2013-2014).

3) Reliable and efficient payment and delivery systems: too often, a lack of confidence and a limited choice of payment method prevent or discourage consumers from paying online and therefore from fully benefiting from e-commerce. **Almost 35% of internet users do not buy online** because they have doubts concerning security of payment

As regards the delivery of online purchases, consumers must trust that they will receive their order easily and at a reasonable cost, without excessive delay and in satisfactory condition. Yet 10% of people currently do not buy online because they are concerned about the cost of delivery services, in particular cross-border delivery, and about service quality.

The Commission intends to:

- develop a **strategy for the integration of the markets for payments by card, internet or mobile phone**, on the basis of a Green Paper adopted at the same time as this Communication;

- based on a Green Paper, initiate a **consultation in 2012 on parcels delivery**, in particular cross-border, drawing on the results of the study on the costs of cross-border postal services, with a view to identifying possible solutions to the problems encountered by businesses and consumers.

4) Combating abuse and resolving disputes more effectively: in general it is still too rare for illegal activities to be effectively stopped and for illegal content to be removed or removed promptly enough.

- The **mechanisms to stop abuse and illegal information** must therefore be made more efficient, within a framework which guarantees legal certainty, the proportionality of the rules governing businesses and respect for fundamental rights.
- In view of the growing volume of statutory and case-law in the Member States, it now appears necessary to **set up a horizontal European framework for notice and action procedures**.
- In parallel to this, the Commission will revise the Directive on the enforcement of intellectual property rights in 2012 in order **to combat illegal content more effectively**.
- It is therefore necessary to facilitate the **settlement of online disputes**. The Commission will soon adopt a legislative initiative on the settlement of business-to-business disputes.
- Lastly, the Commission will in 2012, propose an overall strategy on internet security in Europe aimed at **better protection against cyberattacks in the EU**. The establishment of the European Cybercrime Centre by 2013 will play a particularly important role in this context.

5) Deploy high-speed networks and advanced technological solutions: the deployment of high-speed communication networks is a *sine qua non* for the development of online services. However, compared with its competitors, the EU, which set itself ambitious objectives in the digital agenda, is lagging behind in terms of investment in the new generation telecommunications infrastructure which it urgently needs. The Commission will undertake the following actions:

- strengthen and facilitate the **development of information and communication structures** in 2012 by i) in the context of the Connecting Europe Facility, preparing guidelines for the preparation of broadband infrastructure projects; ii) in the context of the **European Cohesion Fund**, drafting guidelines for smart specialisation strategies which must be implemented in order to benefit from regional funding,(iii) in the context of the **regulatory framework** on electronic communications, adopting a recommendation on access-pricing schemes in the wholesale market in order to stimulate investment in fibre deployment, and adopting a review of the 2009 guidelines on State aid for broadband networks, and (iv) adopting a guide on cost reduction techniques for construction works with the aim of reducing them by half;
- adopt an **overall strategy on cloud computing** in order to stimulate that sector and provide the legal certainty which economic operators need (2012);
- adopt a Communication on **spectrum-sharing**, including a strategy for the promotion of shared access to the spectrum in the Single Market and allowing a structured political debate on the economic, technical and regulatory issues surrounding the various methods of spectrum-sharing (2012).

The European Commission will follow developments in online services closely and will report on the progress achieved with the implementation of this action plan by publishing annual reports. It will organise a stakeholder conference in 2013.