Completing the digital single market

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The Committee on Internal Market and Consumer Protection adopted an own-initiative report by Pablo ARIAS ECHEVERRÍA (EPP, ES) on completing the Digital Single Market.

The report 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. Although Members welcome the five priority actions outlined in the Commission's communication 'A Coherent framework for building trust in the Digital Single Market for e-commerce and online services', they wish to put forward recommendations on the following points:

1) Small- and medium-sized enterprises (SMEs): noting that SMEs form the backbone of the European economy, the report calls on the Commission and the Member States to develop an action plan to promote the integration of SMEs into the digital value chains. It 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.

The Commission and Member States are called upon 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;

- **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.

2) Overcoming the remaining barriers in the Digital Single Market: the report underlines 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. According to Members, 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.

In this context, the report formulates the following recommendations:

- 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;

- **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;

- **identify the existing barriers** to cross-border delivery services, and to take appropriate actions to address them;

- **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;

- 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 cross-border resolution of complaints and conflicts;

- examine the possibilities of **simplifying and standardising VAT rules** in the context of cross-border online transactions;

- 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**;

- adapt the existing **data protection** legislation to new challenges and innovations in the area of present and future technological developments, e.g. cloud computing;

- ensure that **internet service providers** are required respect EU law concerning data protection and competition with intellectual property rights protection, irrespective of where these data are stored and/or processed;

- propose and rapidly implement the **European Strategy for Intellectual Property Rights** with a view to adaptation to the online reality of the 21st century.

3) Building confidence and trust in the Digital Single Market: Members recall that e-commerce allows consumers to benefit from lower prices and a wider choice, but **60 % of websites are currently unsuitable** for cross-border online shoppers, and consumer and business confidence in the digital environment is still low. They consider that 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.

In this perspective, they formulate the following recommendations:

- 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;

- the need for initiatives in the Member States to improve **e-skills** among the general public;

- 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;

- draw up a **European charter** of users' rights that would clarify the rights and obligations of citizens in the information society;

- create a **European Trustmark**, which would guarantee that a business operating online fully respects EU law;

- the simplification of **licensing systems** and the creation of an efficient framework for copyright;

- contribute to the **settlement of cross-border complaints and disputes** by the adoption of the Commission's legislative proposals for Regulations on the extra-judicial settlement and the online settlement of disputes;

- 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;

- the further expansion of the broadband network and, in particular, the **connection of rural, isolated and outermost areas** to electronic communication networks.

4) Setting up the basis for a more competitive Europe: the report 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. It calls on the Commission and the Member States to provide **new impetus to the European fast and ultra-fast broadband strategy** by updating the relevant targets. It also 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.

The report regrets that the EU is lagging behind with regard to **fibre-based internet connections** and 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').

Lastly, the report recalls that Parliament in its resolution of 20 April 2012 entitled "Competitive digital single market – eGoverment as a spearhead" underlined 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. The Commission is invited to assess the need for uniform, open Union-wide standards for **e-identification and e-signatures**.