Towards a digital single market act

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PURPOSE: to propose a connected Digital Single Market Strategy for Europe.

BACKGROUND: the global economy is rapidly becoming digital. These changes are happening at a scale and speed that bring immense opportunities for innovation, growth and jobs.

Against this background, all Member States are wrestling with similar problems but on a national basis which is too limited to allow them to seize all the opportunities and deal with all the challenges of this transformational change. For many issues **the European level offers the right framework**. That is why the European Commission has set the **creation of a Digital Single Market** as one of its key priorities.

Europe has the capabilities to lead in the global digital economy but we are currently not making the most of them. Fragmentation and barriers that do not exist in the physical Single Market are holding the EU back. Bringing down these barriers within Europe could contribute an additional EUR 415 billion to European GDP. The digital economy can:

- expand markets and foster better services at better prices,
- offer more choice and create new sources of employment,
- create opportunities for new start-ups and allow existing companies to grow and profit from the scale of a market of over 500 million people.

CONTENT: this Strategy has a **multi-annual scope and is focused on key interdependent actions that can only be taken at EU level**. They have been chosen to have maximum impact, can be delivered during the Juncker Commission's mandate.

The Digital Single Market Strategy will be built on three pillars:

PILLAR 1: Better access for consumers and businesses to online goods and services across Europe: this requires the rapid removal of key differences between the online and offline worlds to break down barriers to cross-border online activity.

1. Cross-border e-commerce rules: only 7% of SMEs in the EU sell cross-border. If the same rules for e-commerce were applied in all EU Member States, 57% of companies say they would either start or increase their online sales to other EU Member States.

The Commission will make an amended proposal before the end of 2015 (i) covering harmonised EU rules for online purchases of digital content, and (ii) allowing traders to rely on their national laws based on a focused set of key mandatory EU contractual rights for domestic and cross-border online sales of tangible goods. The Commission will also submit a proposal for a review of the Regulation on Consumer Protection Cooperation in order to develop more efficient cooperation mechanisms.

2. Affordable high-quality cross-border parcel delivery: for companies that currently do not sell online but are trying to do so, 62% say the fact that delivery costs are too high is a problem. The Commission will launch measures in the first half of 2016 to **improve price transparency and enhance regulatory oversight of parcel delivery**.

3. Preventing unjustified geo-blocking: geo-blocking refers to practices used for commercial reasons by online sellers that result in the denial of access to websites based in other Member States. Geo-blocking is one of several tools used by companies to segment markets along national borders (territorial restrictions). By limiting consumer opportunities and choice, geo-blocking is a significant cause of consumer dissatisfaction and of fragmentation of the Internal Market.

The Commission will make legislative proposals in the first half of 2016 to **end unjustified geo-blocking**. Action could include targeted change to the e-Commerce framework and the framework set out by Article 20 of the Services Directive.

Furthermore, the Commission will review the satellite and cable directive to assess the need to enlarge its scope to broadcasters' online transmissions and the need to tackle further measures to ensure enhanced cross-border access to broadcasters' services in Europe.

4. A modern, more European copyright framework: 56% of Europeans use the internet for cultural purposes and spending on digital entertainment and media is predicted to see double digit growth rates (around 12%) for the next five years.

Barriers to cross-border access to copyright-protected content services and their portability are still common, particularly for audiovisual programmes.

The Commission will make legislative proposals before the end of 2015 to **reduce the differences between national copyright regimes** and **allow for wider online access to works by users** across the EU, including through further harmonisation measures. Europe needs a more harmonised copyright regime which provides incentives to create and invest while allowing transmission and consumption of content across borders, building on our rich cultural diversity.

5. Reducing VAT related burdens and obstacles when selling across borders: an EU business wishing to make cross-border sales faces a VAT compliance cost of at least EUR 5,000 annually for each targeted Member State.

The Commission will make legislative proposals in 2016 to **reduce the administrative burden on businesses arising from different VAT regimes** including (i) extending the current single electronic registration and payment mechanism to intra-EU and 3rd country online sales of tangible goods, (ii) introducing a common EU-wide simplification measure (VAT threshold) to help small start-up e-commerce businesses.

PILLAR 2: Creating the right conditions for digital networks and services to flourish: this requires high-speed, secure and trustworthy infrastructures and content services, supported by the right regulatory conditions for innovation, investment, fair competition and a level playing field.

The Commission intends to:

1. present proposals in 2016 for an ambitious overhaul of the telecoms regulatory framework focusing on (i) a consistent **single market approach to spectrum policy and management**; (ii) delivering the conditions for a true single market; (iii) ensuring a level playing field for market players and consistent application of the rules; (iv) incentivising investment in **high speed broadband networks** (including a review of the Universal Service Directive).

2. A media framework for the 21st century: the Commission will review the Audiovisual Media Services Directive with a focus on its scope and on the nature of the rules applicable to all market players, in particular measures for the promotion of European works, and the rules on protection of minors and advertising rules.

3. Analyse the role of online platforms (e.g. search engines, social media, e-commerce platforms, app stores, etc): certain online platforms are playing an ever more central role in social and economic life: they enable consumers to find online information and businesses to exploit the advantages of ecommerce.

The Commission will launch before the end of 2015 a **comprehensive assessment of the role of platforms**, including in the sharing economy, and of online intermediaries. It will cover issues such as how best to **tackle illegal content on the Internet**.

4. Reinforcing trust and security in digital services and in the handling of personal data: only 22% of Europeans have full trust in companies such as search engines, social networking sites and e-mail services. In the first half of 2016, the Commission will initiate the establishment a Public-Private Partnership on cybersecurity in the area of technologies and solutions for online network security. Once the new EU rules on data protection are adopted, which should be by the end of 2015, the Commission will review the ePrivacy Directive.

PILLAR 3: Maximising the growth potential of our European Digital Economy: this requires investment in ICT infrastructures and technologies such as Cloud computing and Big Data, and research and innovation to boost industrial competiveness as well as better public services, inclusiveness and skills.

The Commission intends to:

1. propose in 2016 a European **'Free flow of data' initiative** that tackles restrictions on the free movement of data for reasons other than the protection of personal data within the EU and unjustified restrictions on the location of data for storage or processing purposes;

2. launch an **integrated standardisation plan** to identify and define key priorities for standardisation with a focus on the technologies and domains that are deemed to be critical to the Digital Single Market, including essential sectoral interoperability and standards in areas such as health (telemedicine, m-health), transport (travel planning, efreight), environment, and energy;

3. support an **inclusive Digital Single Market** in which citizens and businesses have the necessary skills and can benefit from interlinked and multi-lingual eservices, from e-government, e-justice, e-health, e-energy or e-transport. The Commission will: (i) address digital skills and expertise as a key component of its future initiatives on skills and training; (ii) present a **new e-Government Action Plan 2016-2020**.