A Digital Single Market Strategy for Europe

An opportunity to unleash the potential of ICTs

The Digital Single Market Strategy is an opportunity to unleash the potential of ICTs, which are the enablers that underpin innovation, allow companies to grow in scale and increase efficiency and productivity. However to achieve a comprehensive Digital Single Market, the initiatives should be consistent with subsequent actions and other regulatory framework reviews.

The Digital Single Market Strategy is built on three pillars and it is, in total, composed of 16 initiatives that will be opened to consultation during the following months. The pillars are: i) better access for consumers and businesses to digital goods and services across Europe; ii) creating the right conditions and a level playing field for digital networks and innovative services to flourish, and iii) maximising the growth potential of the digital economy.

Facilitating new digital services and ensuring trust and competition

The strategy includes measures to enhance the network infrastructure, such as incentivising investment in high speed broadband, ensuring the provision of broadband services in rural areas and defining a new approach to the spectrum policy, among others. It also facilitates the development of new digital services, such as cloud computing through initiatives including cloud services certification, contracts, switching of cloud service providers and an open science research cloud. Moreover, it tackles barriers to the free movement of data within the EU and unjustified restrictions on the location of data for storage or processing purposes.

Regarding the ensuring of a trust environment, the Strategy proposes a revision of the ePrivacy Directive and establishing a Public-Private Partnership on cybersecurity in the area of the technologies and solutions for online network security. Moreover, digital skills and expertise will be incorporated as a key component of the EC’s future initiatives on skills and training.

To address concerns over the growing market power of some online platforms, the Commission wants to assess the role of different platforms and intermediaries to ensure competition in the digital world, covering issues such as transparency, the usage of the information they collect and the relationships between platforms and suppliers.

Breaking down barriers to cross-border e-commerce

E-commerce is one of the key areas in which the European Commission is willing to remove the legal and technical barriers that prevent the EU from constituting a single market. In particular, harmonising rules on contracts and consumer protection, as well as making more efficient the cooperation on enforcement, would facilitate cross-border online sales of both digital content and tangible goods. As there are also barriers related to parcel delivery services, the EC wants to improve price transparency and regulatory oversight to make cross-border delivery more efficient and affordable. The strategy also proposes extending the single electronic registration and payment to online sales of tangible goods and introducing a common EU-wide simplification measure, the VAT threshold, to help small start-up e-commerce businesses.

Apart from removing legal and technical barriers, the EC also wants to end unjustified geo-blocking or geographic price discrimination, which fragment the Internal Market. Furthermore, the Commission has launched alongside the strategy a Competition Sector Inquiry focusing on the application of competition law in the area of e-commerce. The first results of this work are expected to be published in mid-2016, with a report for consultation.

However, the Strategy lacks any specific initiatives related to the development of e-payments, e-contracts and e-invoicing, which are essential drivers to cross-border e-commerce. Standardisation in these areas is a key priority to achieve interoperability within Member States, and therefore it should be included in the extension of the European Interoperability Framework.

In any case, the achievement of a proper Digital Single Market requires the consistency of the previous initiatives with the Capital Markets Union’s strategy and the coming Green Paper on Digital Retail Banking.
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