

Background Briefing

Digital Single Market

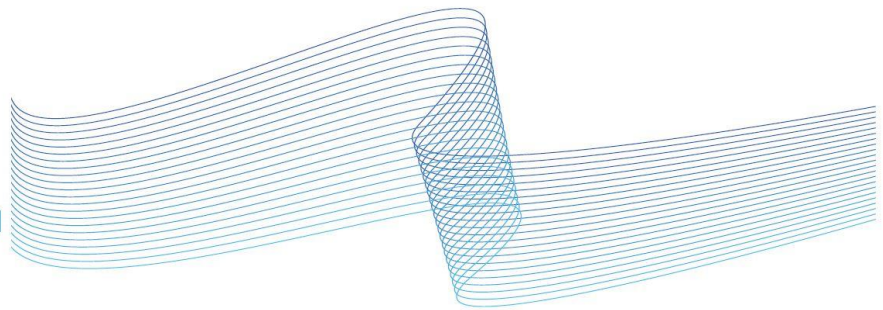
Where is our Digital Single Market?

Europeans still face many barriers when using online tools and services, even though the EU has spent years bringing down similar “offline” barriers. Nonetheless, great efforts are currently being made to put the Single Market “online.” The Juncker Commission's aim in this regard is to create a Digital Single Market (‘DSM’), wherein the free movement of goods, persons, services and capital is ensured — and where citizens and businesses can seamlessly and fairly access online goods and services, whatever their nationality, and wherever they reside.

The rapid rate of technological advancement enhances the capacity of governments, companies and individuals to undertake surveillance, interception and data collection, which inevitably has serious consequences for privacy protection, especially on the Web. Going forwards it will be necessary to take moves towards an effective and secure Digital Single Market in order to provide the continued safety of cyberspace. Europe's industries and public sector will benefit hugely from digital transformation, and this should be done as safely and sustainably as possible. For Europe's citizens, improved free flow of services across borders would be of huge benefit. In addition, digital technologies can encourage increased participation for citizens on a variety of platforms and can provide new opportunities for engagement in work, social and leisure activities.

European Movement position

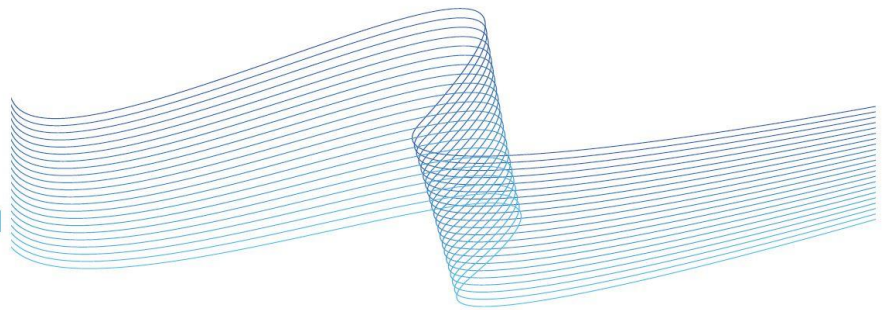
The European Movement International welcomes the European Commission's Digital Single Market Strategy for Europe. Eva Paunova, Vice-President of the European Movement and co-chair of its Political Committee on Jobs, Competitiveness and Sustainable Growth, believes that *“all of us need to start thinking digitally and to embrace the fifth freedom of the EU Single market. An important part of the DSM is e-Government which will not only save businesses and consumers time and money, but also foster citizens' participation in social and political life.”* [Read more.](#)



Why is a Digital Single Market on the EU agenda?

There are several reasons why it is currently necessary to speak about the DSM:

- The need for a **governance structure**, which is, for example, reflected in a recent statement of Udo Helmbrecht, the Executive Director of the EU's Agency for Network and Information Security (ENISA): *"When you talk today about the Internet, it is the 'Wild West'. Everyone can do what they want. There is no control, no regulation."* Rapid developments in technology are giving rise to a multitude of opportunities in the field of digital telecommunications, which the EU must harness in order to successfully boost smart, sustainable and inclusive growth. The development of *"a true digital Europe via devoting attention to building trust in the Digital Single Market, digitalisation of the public sector, and increasing safety and security in the digital environment"* was set out as a priority area for the Latvian Presidency of the Council.
- Uncertainty about **copyright protection**. With regards to physical goods, shops often say delivery costs are too high, whereas with digital content, copyright infringement is cited as the problem. With regards to copyright protection, there is great legal uncertainty as to what is permitted; rules on when it is okay to use copyright-protected material are not uniformly implemented across the EU. EU copyright rules date back to 2001, and, therefore, new rules are needed to respond to changing technologies, consumer behaviour and market conditions.
- **Geo-blocking** - the reality that media and entertainment rights are often attributed on a national basis, thus making it illegal and/or difficult to access such content from outside its licensed country - remains a persistent problem: In 52% of all attempts at cross-border shopping, the seller does not serve the country of the consumer, and in many cases, delivery costs are restrictive. Earlier this year Commissioner Ansip said that the EU's internal market and geo-blocking *"cannot coexist"*.
- **Language** poses another problem: with 24 official EU languages, multilingualism creates barriers between countries, for example, with respect to online shopping. Commissioner Ansip, speaking after the presentation of the DSM strategy in May, stated that *"[At the Commission], we increasingly use automated translation. We can develop machine translation platforms. I hope that in the future, this is not any more an obstacle."* A functioning DSM should help to enable seamless communication between individuals, businesses and public institutions across borders and language. Rebecca Petras, from the NGO 'Translators without



Borders', feels that more can be done in tackling cross-border language issues and that the EU could provide more automated translation services.

The European Commission

In 2010, the Commission launched the 'Digital Agenda for Europe' as part of Europe 2020. Subsequently, the Global Commission on Internet Governance (GCIIG) was established in January 2014 to articulate and advance a strategic vision for the future of internet governance.

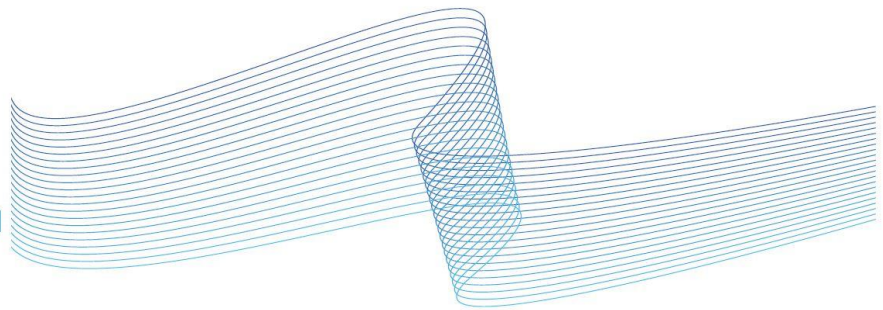
Jean-Claude Juncker announced in December 2014 that the establishment of a Digital Single Market would be a [main priority](#) of his first term as Commission president, and on May 6th this year, the Commission unveiled its [plans](#) for the DSM. Today, the DSM has a dedicated project team of 13 Commissioners, under the direction of one of the six Vice-Presidents of the Commission, Andrus Ansip.

In April 2015 at the Global Conference on Cyberspace in The Hague, the Commission called on the global community to build a new social compact between citizens and their elected representatives, the judiciary, law enforcement and intelligence agencies, businesses, civil society and the internet technical community, with the goal of restoring trust and enhancing confidence in the internet.

The Digital Single Market Strategy

The DSM strategy is based on three pillars involving 16 actions:

- **Access:** better access for consumers and businesses to online goods and services across Europe, with an emphasis on e-commerce, parcel delivery, geo-blocking, copyright and VAT.
- **Environment:** creating the right conditions for digital networks and services to flourish, especially with regards to telecoms and media, and security and personal data.
- **Society and economy:** maximising the growth potential of the European Digital Economy with a focus on the data economy and e-governance.



The main areas of action will involve building trust and confidence, removing restrictions, ensuring access and connectivity, building the Digital economy, promoting e-society and investing in ICT research. The strategy is coordinated by Commission Vice President Andrus Ansip, and will be implemented by DG CONNECT, the Commission department in charge of communications networks, content and technology.

An indicative timeline for these actions is laid out in the Commission's Work Plan:

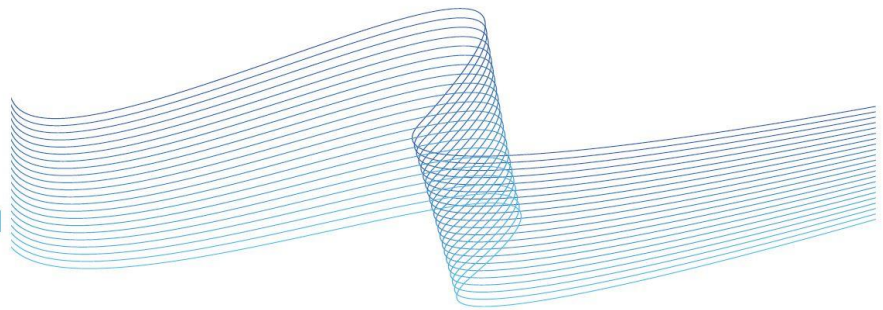
2015

- Legislative proposals for simple and effective cross-border contract rules for consumers and businesses
- Preparation of a review to prepare legislative proposals to tackle unjustified geo-blocking
- Reform of the copyright regime
- Review of the Satellite and Cable Directive
- Comprehensive analysis of the role of platforms in the market including illegal content on the Internet
- Adoption of a Priority ICT Standards Plan and extending the European Interoperability Framework for public services

2016

- Review of the Regulation on Consumer Protection Cooperation
- Legislative proposals to reduce the administrative burden on businesses arising from different VAT regimes
- Review of the e-Privacy Directive and the Audiovisual Media Services Directive
- Establishment of a contractual Cybersecurity Public-Private Partnership
- Initiatives on data ownership, free flow of data (e.g. between cloud providers) and on a European Cloud
- New e-Government Action Plan including an initiative on the 'Once-Only' principle (citizens should not have to fill in the same information more than once, reducing administrative burden) and an initiative on mandatory interconnection of business registers

In terms of the economic benefits, the completion of the DSM is estimated to contribute an additional EUR 415 billion to European GDP and will create 3.8 million jobs in the EU. In addition, estimates show that the DSM will help EU citizens to save €11.7 billion



annually if consumers are given the option to choose from EU-wide goods and services online. Reports show that the costs of public administration could be reduced by 15-20%, whilst the GDP of the EU could see gains of at least 3 to 4 per cent by 2020. However, obstacles remain to unlock this vast economic potential. In the area of e-commerce, 15% of consumers bought online from other EU countries in 2014, while 44% did so domestically. These figures could be hugely increased if there were less barriers for consumers and SMEs to buying and selling online across country borders.

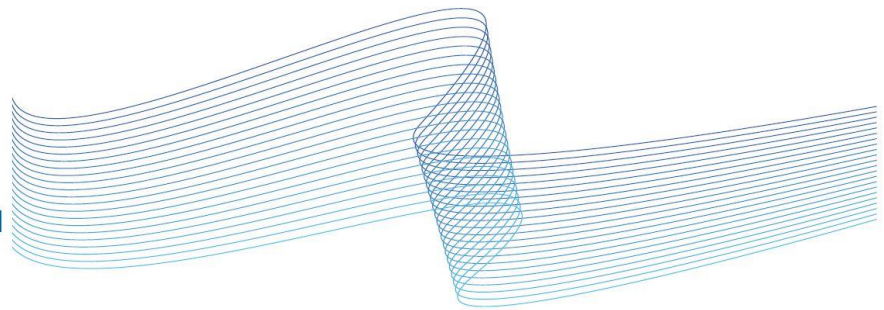
Commission Statements

Jean-Claude Juncker recently commented that the EU must *"tear down [its] regulatory walls and finally move from 28 national markets to a single digital market. For this to happen, we have to get serious: We have to end the regulatory silos in telecoms and copyright regulation, in data protection and in the application of European competition rules. This requires political determination. There will be resistance, as the current fragmented regime has created very convenient, well-protected comfort zones for some players. But Europe would miss a historic opportunity if we fail to tackle this challenge head-on."*

Andrus Ansip, European commission Vice-President for the Digital Single Market, and Günther Oettinger, European Digital Economy and Society Commissioner, believe that regaining citizens' trust will be key to unlocking the Digital Single Market's huge potential. Ansip and Oettinger together wish to *"create a safer internet for Europe as we embrace the digital revolution - a more trustworthy environment for citizens and businesses."* Above all, their current focus is on *"making sure that Europeans can benefit from the same freedoms and protections online as they have offline."* European citizens have the education, skills, and ambition needed to embrace the digital world in order to drive economic growth and employment, yet it is clear that the EU must take further steps to forge a more complete digital union.

Council Discussion – Friday 26 June 2015

EU leaders discussed the Commission's DSM Strategy on Friday 26 June, but reports show that many Member States would prefer to pick and choose from the initiatives



proposed. Moreover some leaders warned against overly tight regulation, bearing in mind that, given the rapid rate of development of the digital environment, harsh regulations may not match up with the reality.

After their discussion on the DSM, the European Council agreed that the Telecommunications Single Market Regulation, a stripped-down version of the DSM, should be rapidly adopted. This includes the end of roaming surcharges foreseen in 2017, and the Directive on Network and Information Security. In addition the Council agreed that the Data Protection package must be adopted by the end of this year, although Ansip and Oettinger steered clear of creating too many hard and fast deadlines, out of fear that they might not be met.

Despite these positive actions, the action point “to encourage e-Government” was only added to the final version of the conclusions, causing concern among those who had hoped that the DSM would enhance European democracy through the use of new technologies.

Possible difficulties

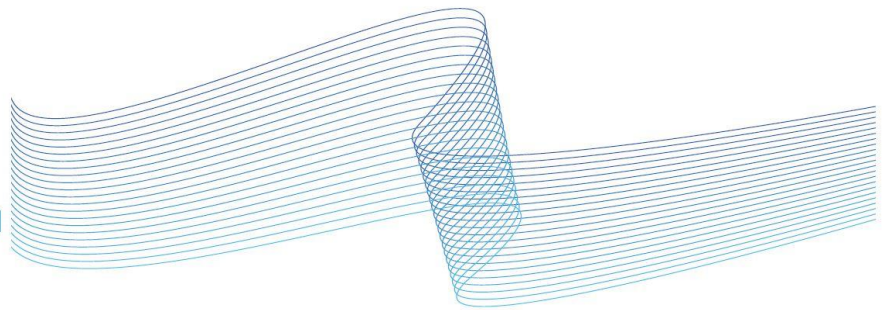
The European Commission wants to launch a Public-Private Partnership that would require European companies to report cybersecurity attacks in early 2016, yet many Member States are against mandatory reporting as they still see digital security as a national issue. Henceforth, one of the main problems in achieving these aims will be to convince Member States to approve EU-wide regulation and, thereby, surrender some of their own competences. Every Member State will be tempted to promote its own existing rules. It will be crucial for the Commission to build up enough political will in the lengthy and complex negotiations to come if it wants to succeed.

Further reading

European Commission: Why we need a Digital Single Market

http://ec.europa.eu/priorities/digital-single-market/docs/dsm-factsheet_en.pdf

[infographic]



European Commission: Questions and answers on the Digital Single Market Strategy
http://europa.eu/rapid/press-release_MEMO-15-4920_de.htm

European Commission - Digital Minds for a New Europe
http://ec.europa.eu/archives/commission_2010-2014/kroes/en/content/digital-minds-new-europe.html

European Commission - A Strategy for the Digital Single Market (incl. many related links)
http://ec.europa.eu/news/2015/05/20150506_en.htm

Q&A with Vice-President Ansip and Commissioner Oettinger on the Adoption of the DSM Strategy (06.05.15) <http://ec.europa.eu/avservices/video/player.cfm?ref=1102426> [video]

Commission Communication: A Digital Single Market Strategy for Europe
http://ec.europa.eu/priorities/digital-single-market/docs/dsm-communication_en.pdf

Commission Strategy: http://ec.europa.eu/news/2015/05/20150506_en.htm

EPRS Briefing - A Connected Digital Single Market: State of Play and the Way Forward
http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/545734/EPRS_BRI%282015%29545734_REV1_EN.pdf

European Movement International welcomes the European Commission's Digital Single Market Strategy for Europe http://europeanmovement.eu/press_release/european-movement-international-welcomes-the-european-commissions-digital-single-market-strategy-for-europe/ [press release]

Digital Single Market In Europe - What Think Tanks are Thinking
<http://epthinktank.eu/2015/05/07/digital-single-market-in-europe-what-think-tanks-are-thinking/>

European Council Conclusions 25-26 June 2015
<http://www.consilium.europa.eu/en/meetings/european-council/2015/06/EUCO-conclusions-pdf/>