



A level playing field for the Digital Single Market

Ecommerce Europe's recommendations
in view of the European elections 2019



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The digital commerce sector is at a turning point. Now more than ever, the decision taken by EU policymakers will determine the success of European e-retailers globally.

What makes an e-retailer competitive in a global market is profoundly changing. Businesses have to operate in a globalized business environment where a company's competitive edge depends on access to new technologies, data, the capacity to operate efficiently cross-border and to adapt rapidly to evolving consumer behavior.

Catching up with the growth of digital commerce and the pace of innovation in other markets, especially Asia Pacific and North America, will require strong political will to achieve a harmonized, borderless Digital Single Market, and equally important, a global level-playing field. EU policymakers need to seize the opportunity of the new upcoming mandate in the European Institutions to build a strong political vision for digital commerce.

A major challenge for the European e-commerce sector is the lack of a European and ultimately global level-playing field, with possible unfair competition from players often based outside the European Union. E-commerce does not stop at the border of the European Union, it is a global phenomenon. Hence the EU should continue working towards a global regulatory level-playing field for e-commerce.



Current international corporate tax rules are not fit for the realities of the modern global economy. Without a doubt, the taxation of the digital economy is a global issue and we strongly believe that it requires a global solution, not unilateral ones, neither at EU nor at Member State level. Such actions could ultimately negatively impact European SMEs and consumers.

The taxation system needs to be adapted to the digital economy and should ensure a level-playing field so that companies are taxed in a fair, non-discriminatory and channel neutral way. Thus, EU leaders should push in favor of international efforts at OECD level and end the discussions around the introduction of unilateral solutions at EU or national level.

Step up efforts for a global solution for the taxation of the digital economy

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Facilitate a transparent and fair global parcel delivery system

Efficient and reliable delivery of parcels is an essential element of e-commerce. Digital commerce itself is fundamentally changing postal and parcel markets. Global e-commerce streams revolutionize shopping, but the current parcel streams are ill-fitted to accommodate this. Parcel delivery is a global issue and, in the past years, international postal agreements at United Nations' level favored third countries like China. As a consequence, the postal channel became the facilitator of counterfeiting, VAT and customs fraud, and benefitted from "at cost" domination fees into Europe. This has put EU businesses at a competitive and unfair disadvantage.

While all commercial postal items containing goods have to be traceable since 2018 in the UPU, enforcement of this provision in the EU is missing. EU policymakers shall introduce mandatory traceability for all parcels delivered by any operator: this is a prerequisite for a functional Digital Single Market in the EU. Furthermore, it empowers EU consumers to decide how they need their goods delivered, and it also helps governments in dealing with VAT, customs, consumer rights and product safety. In the future, parcels will follow the consumers and not the other way around. Interoperability standards, like the Harmonized Parcel Label developed by the European Committee for Standardization, will be instrumental to ensure a seamless delivery to the end-consumer.



The digital economy is characterized by a growing interdependence between large online platforms on the one hand, and SMEs using these platforms on the other hand. Platforms such as e-commerce marketplaces are without doubt engines of European growth, thus any EU-wide law regulating Platform-to-Business relations should strike the right balance between their interests and the interests of online merchants, especially smaller ones, which depend even more on marketplaces.

The EU should continue its work in developing a fully harmonized framework for minimum transparency and redress rights, which protects companies that depend on online platforms for reaching consumers, while safeguarding platforms' innovation potential.

Safeguard a fair business environment online

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Current regulations are too complicated to be understood for both consumers and businesses, specifically SMEs. When legislators draft a new law, they should think about people and businesses affected by this legislation. Simple rules mean easier and better compliance for e-merchants.

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Create simple harmonized rules and better enforcement

The EU should also dedicate much more resources to enforcement. Before addressing new issues, legislators should make sure that the problem does stem from a lack of regulation, and not simply from a lack of enforcement of existing rules. At the same time, the EU should also ensure uniform enforcement in all EU Member States. Consistent and rigorous impact assessments as well as a continuous dialogue with the industry should be at the core of the European decision-making process.

Enforcement of EU rules such as consumer protection or product safety against companies based outside the Union also proves to be very challenging. EU legislators should ensure that the rules they create are enforceable globally and that competition rules fit the new digital economy.

The distinction between “offline commerce” and “online commerce” is fading rapidly. Omnichannel and consumer-centric trends are profoundly changing the retail sector. Competitive advantage will increasingly be measured by the level of integration of the different sales channels that a business can offer its consumers.

The EU should focus its attention on ensuring that the sector is able to adapt to evolving consumer behavior by creating channel-neutral regulations. In a modern retail sector, a shop should be able to easily offer different sales combinations without any unreasonable legislative burdens for traders. Aligning rules at EU level for all B2C sales should be a key priority for policymakers to ensure the legal certainty businesses need to grow both online and offline, and especially cross-border.

Create channel-neutral regulations

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Enforce adequate safeguards for online shopping



Both businesses and consumers need a safe shopping environment. Policymakers need to ensure that adequate safeguards against cyberattacks, fraud or unsafe products are implemented to maintain trust. While European laws offer protection and consumer rights, these rules are often not properly enforced, and national enforcement systems are not always up to speed with the new challenges created by the growth of digital commerce.

The EU and the Member States should continue to monitor the evolution of fraud in online payments, rogue traders and cyberattacks to ensure that businesses have the right tools to deal with these challenges. However, any future developments in the fight against fraud need to mitigate the risk of developing too much red tape, hampering innovation and technological development.

Policymakers and regulators should promote a competitive European payment landscape to ensure the development of innovative, cost effective and secure payment services. Cooperation between market players will be essential for the development of payment solutions that meet evolving consumers' expectations. Policymakers should also accompany the uptake of eID and Trust services solutions in the private sector to boost for security, convenience and trust in the European cross-border e-commerce market.

To foster cross-border trade, interoperability between payment systems of Member States is essential. There should be an integral approach to the payment systems market, in order to produce future-proof legislation. Regulatory action should however only be undertaken where the market itself is unable to come up with integrated solutions.

Build an innovative and competitive cross-border payment landscape

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Boost innovation and the uptake of new technologies



Technologies like Artificial Intelligence and blockchain structurally revolutionize digital commerce, for instance by making e-merchants more and more competitive and capable of providing even more targeted offers to consumers. Unfortunately, the EU is still lagging behind compared to its competitors in the development and uptake of these technologies. If European online merchants cannot benefit from the development of new technologies fostering innovation, investment and consumer trust, they will not be able to keep up with the fast-evolving consumer expectations.

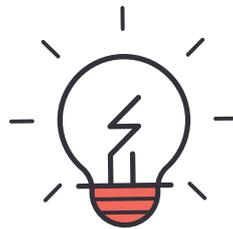
The European Union needs to deliver on its objective to boost financial support for companies developing these technologies. Moreover, policymakers should carefully assess if the current regulatory framework creates any unnecessary challenges to technological development and act accordingly.

The rapid evolution of our society towards a digital economy means there is an acute need for human resources with digital skills. The growth of the sector is not possible without a qualified workforce, and the EU is facing a shortage of ICT developers, programmers, data analysts and so on. Digital skills programs have been implemented and funds distributed, but we still witness an important mismatch of skills in Europe that calls for more concrete and immediate actions, particularly focusing on teachers and trainers that are shaping the workers of tomorrow.

The EU and Member States need to follow through on their commitment to invest in and promote digital skills starting from early education and through life-long learning programs. We need more resources, more research and more funds to support educational projects.

Allocate the necessary resources for Digital Education

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Boost connectivity across Europe

Some areas of the European Union are still left behind. Delivering parcels in these areas is challenging and shopping and selling online prove to be difficult due to poor internet connectivity. This is a missed opportunity for e-retailers. Politicians need to allocate substantial resources to improve transport infrastructure and fast internet connectivity.

The European Commission proposed to create a new Digital Europe program to support the digital transformation of Europe's society and economy and allocated €3 billion to finance digital connectivity infrastructure. The ambition of the European Commission needs to be preserved throughout the negotiation process.





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