Eight principles to guide the Digital Single Market

#DigitalSingleMarket

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Eight principles to guide the Digital Single Market

techUK, BITKOM and Syntec Numérique believe the following eight principles should underpin the development of the Digital Single Market:

1. **Embrace change**

2. **Embrace global**

3. **Make it easier, not harder, for businesses to innovate**

4. **Make the world simpler, not more complicated**

5. **Leave space for innovation to overcome obstacles and bottlenecks**

6. **Use the right tools for the job**

7. **Be wary of unintended consequences**

8. **Move at pace**

1. Embrace change

We are already several decades into the digital revolution and there is much for Europe and its citizens to celebrate. The digital revolution is empowering more people and businesses every day, allowing them to take their future into their own hands. The net social and economic impact has been hugely positive for Europe. Whilst there is much that we might want to change, we can only succeed in shaping the future by going with the tide of history and not against it. We cannot rewind the clock. We cannot un-invent things. We cannot succeed by simply seeking to rein-in our competitors. To succeed the Digital Single Market must embrace change and seek to shape it, rather than attempt to resist it, or slow it down.

2. Embrace global

The digital economy works 24/7 around the world. It is becoming more connected every second and it offers unique opportunities for small innovative European companies to reach global scale quickly. Many of today's digital start-ups believe they need to think 'global from day one' and be able to operate at scale anywhere in the world.

Europe and its Members States should be at the forefront of extolling European values of openness, free speech, privacy and democracy in a global digital revolution and should avoid encouraging the idea that the internet and the world wide web should be carved out into local or regional versions.

3. Make it easier, not harder, for businesses to innovate

Innovation is the driving force of digital. Digital technologies, tools and services constantly create new opportunities to do new things. The DSM must make it easier, and not harder, for European companies to bring these innovative ideas to market across the EU quickly and with as little legal uncertainty and regulatory inhibitors as possible. Online businesses should be able to register once to operate everywhere in the EU and the country of origin principle should be strengthened to minimise business uncertainty and compliance costs. New businesses with disruptive ideas, products and services should be encouraged and not prevented from entering established markets by outdated laws or inappropriate regulation.

4. Make the world simpler, not more complicated

Clearly the digital economy needs rules and those rules have to be understood, complied with and enforced. Particularly where rules are put in place to protect and enable the consumer – those rules should make things easier and not more complicated and they should be meaningful. Every time we click away a 'cookies' reminder on a web site we should ask ourselves how the rules we are proposing are making it easier in practice for people to manage their digital world with confidence. Consumer rights in relation to cross-border purchases of goods and services should be clear, simple and enforceable.

5. Leave space for innovation to overcome barriers and bottlenecks

The digital economy moves incredibly quickly and constant innovation often means that what can appear like permanent bottlenecks can often prove to be more transient than first thought. Technology is very effective at out innovating what can appear to be monopolistic situations in the short-term. Meanwhile regulating prematurely to address transient bottlenecks can have the effect of setting them in stone, making them permanent and impervious to being innovated away. This does not mean that permanent bottlenecks do not exist, but processes for determining competition concerns must remain rigorous. Where there are permanent economic bottlenecks these should be addressed through competition-based regulation, which is reviewed regularly to take account of technological and market developments.

6. Use the right tools for the job

In deciding how to address key policy issues European policy makers must be careful to select the most appropriate policy tools for the job. In some instances it may be possible to address specific concerns quickly and effectively via industry self-regulation or collective action. All of the UK's major ISPs and mobile operators are signatories to the code which has been in operation since 2012 and is a key part of the UK government's effective policy on net neutrality. In other instances legislation may be the most appropriate way forward, and policy makers should be careful to use the right regulatory mechanism available to them. Competition concerns should only be addressed through competition law and other policy instruments, such as copyright or data protection law, should not be misused to achieve competition policy objectives, as this often leads to unforeseen and unintended consequences. Where existing EU legislation needs to be updated or where new legislation is required the scope of that legislations should be focused on the core requirements to help enable swift decision making and timely passage into law.

7. Be wary of unintended consequences

There are numerous examples of legislation at EU and Member State level that have failed to achieve their objectives or led to unforeseen or unintended consequences and lessons should be learnt from these examples as DSM proposals are developed. Legislation in recent years at EU and national level on the use of cookies, VAT rules and ancillary copyright have all led to unintended consequences whilst failing to either encourage innovation or delivering any real benefit to consumers or businesses.

- Legislation on the use of Cookies caused confusion for businesses when implemented whilst it is not clear that it has been of any material benefit for consumers. The UK regulator receives remarkably few complaints from consumers about cookies.
- VAT legislation has had the unforeseen effect of adding additional costs and uncertainty for small companies seeking to transact across the EU single market.
- Member state legislation on ancillary copyright has led to unintended and undesirable consequences: reducing incentives for small content providers to innovate and develop new disruptive business models; reducing the visibility of small content providers on the web with a consequent loss of revenues; and further fragmenting the single market as rules vary in different Member States.

8. Move at pace

The digital revolution moves far more quickly than the pace of European decision making, and Europe's policy response needs to be more agile and fleet of foot. Progress on building the DSM is more likely to be made through a succession of small steps that can be agreed quickly, rather than a series of giant leaps that require many years of complex negotiation and often result in outcomes that are considerably removed from what was originally intended.