

# EU digital single market (2/11/17)

Information and communication technology is no longer a separate industry, but rather the basis of all modern economic systems. Increasingly integrating with all industries and communities, the Internet and digital technology are changing the way we live and work as society and as individuals conducting transactions. However, these developments present government agencies with complex political challenges that cannot be met without a concerted effort across the EU.

## The European Commission's priority of creating a digital single market

The existing obstacles to the free movement of data, capital and facilities on the Internet mean that people lose the ability to use some of the goods and services, and the possible scope for traders' activity is fairly limited, with the result that entire industries and government agencies are not receiving the full range of benefits available from digitalisation.<sup>1</sup>

Unfortunately most online service markets are still confined to country level, with a mere 7% of EU small and medium enterprises (SME) ensuring the cross-border availability of their goods and services.

According to EU estimates, 90% of work needs digital skills, but only 59% of EU residents have access to 4G Internet, 52% of cross-border purchases get blocked, small enterprises could save up to €9,000 per country on translation and legal expenses, and EU residents would save €11 billion by shopping online. Taking these obstacles down in Europe could increase **European IKP by €415 billion**.

In view of this, the European Commission ranks creating a digital single market among its top priorities. A digital single market is a market that allows the free movement of persons, goods, services, and capital, and gives individuals and entities free access to online facilities for use in an environment of fair competition, as well as providing a high level of protection for consumer and personal data regardless of their nationality or residence. The main goals of the digital single market strategy are to remove regulatory barriers and truly unify the 28 economies into one market.

The strategy covers three main EU policy areas with the following main tasks:

- Giving consumers and businesses better access to online goods and services across Europe – for this purpose we must urgently bridge the key gaps between online and offline environments to remove obstacles to cross-border operations online:
  - cross-border e-commerce rules that consumers and businesses can trust;
  - quality cross-border parcel delivery services at reasonable prices;
  - avoiding unreasonable geographical blocking;
  - better access to digital content – modern copyright rules;
  - easing the VAT burden and obstacles in cross-border trade.
- Creating suitable conditions for the development of digital services – we need a fast, secure and reliable infrastructure and content services based on appropriate rules for innovation, investment and fair competition, as well as equal conditions for competition:
  - developing telecommunications rules appropriate for the purpose;
  - mass media rules for the 21st century;

- a regulatory environment for platforms and intermediaries appropriate for the purpose;
- enhancing trust in digital services, in their security and personal data processing.
- Making the most of the European digital economy's growth potential – we need investment in IT infrastructure and technology, technology research and innovation to strengthen the competitiveness of manufacturing, and in improving public services:
  - building a data economy;
  - improving competitiveness through cooperation and standardisation; and
  - inclusive e-society.

Creating a digital single market is a significant part of the EU strategy aimed at preparing for the future and providing EU residents with a higher standard of living going forward. We need a political will as well as funding to achieve this. The European Commission's main measures to implement a digital single market will be –

- investment in the digital single market;
- an international dimension; and
- efficient governance of the digital single market.

The strategy means that the EU can soon begin work on drafting rules to help develop and put the strategy into practice.

Watch for updates on the latest developments in [EU rules governing the digital single market](#).

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<sup>1</sup> The Commission's report to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions. The Digital Single Market Strategy for Europe. (2015) Brussels.