

Contact: Johannes Kleis: press@beuc.eu
Date: 15/12/2020
Reference: BEUC-PR-2020-044

EU plans on digital economy are step in right direction but more ambition is needed

The European Commission today put forward its plans to update the EU's rules about digital services such as those offered by online search companies (e.g. Google), e-shops (e.g. Amazon) and social networks (e.g. Facebook). It also proposes legislation detailing dos and don'ts for so-called digital gatekeepers and new powers to investigate markets these companies operate on. The European Consumer Organisation (BEUC) supports this long-awaited legislation that would make digital players more accountable, protect consumer rights and lead to more choice of innovative digital services. We therefore welcome these proposals but the European Parliament and the EU Council must ensure the legislation goes further, particularly in relation to liability of online marketplaces to protect consumers and future-proof measures to address the problems created by online gatekeepers. The Parliament and Council must therefore resist the huge lobbying efforts of Big Tech companies to dilute these proposals.

Digital Services Act (DSA)

The proposal includes obligations on some platforms such as a requirement to verify that businesses using their services are genuine. This planned obligation is particularly important as BEUC members have repeatedly revealed how easy it is to post scam adverts which allow fraudsters to abuse consumers. [1] However, we regret that the Commission has not fully embraced recommendations [2] from the European Parliament to make marketplaces – in certain cases – liable for consumer harm. Marketplaces are no longer only neutral 'hosts' of traders and so they should take their share of responsibility.

Monique Goyens, Director General of The European Consumer Organisation (BEUC), commented:

"Consumers want adequate protection irrespective of whether they shop online or on the High Street. In reality illegal activities that can harm consumers are all too common on online platforms. The benchmark for a successful reform of the platform economy is to ensure that platforms and their business models will be effectively held to account. It is unacceptable for platforms to continue allowing, spreading, and profiting from unsafe child car seats sold on e-shops, fake reviews on social media sites and scam ads on search engines." [3]

Digital Markets Act (DMA)

The Commission plans to impose obligations and prohibitions on digital gatekeepers to ensure they do not stifle innovative competitors or use unfair business practices such as promoting their own services or misusing data from their business users, for example on pricing and popularity of products, to unfairly compete against those very same businesses.

Monique Goyens commented:

“Antitrust investigations have shown how gatekeeping practices by digital players harm competition and thus limit consumer choice. But competition investigations can be too slow to prevent irreparable harm on the market. It is the right move to prohibit some practices up front instead of picking up the pieces afterwards.

“More powers for competition watchdogs to investigate markets which are not working are welcome. But it is disappointing that the Commission has watered down its plans to limit them to digital gatekeepers. Market failures that harm consumers are not limited to digital markets.”

END

Notes:

- [1] <https://www.which.co.uk/news/2020/07/fake-ads-real-problems-how-easy-is-it-to-post-scam-adverts-on-google-and-facebook/>
- [2] <https://www.beuc.eu/press-media/news-events/european-parliament-recommends-tough-regulation-online-marketplaces>
- [3] Consumers expect platforms to take responsibility for ensuring that what happens on their sites and apps does not harm them. German consumer organisation vzbv in November released [survey results](#) that showed that 93% of respondents expected online marketplaces to ensure traders comply with the law. However, online marketplaces fail to do so. BEUC member organisations from across Europe have released dozens of studies and research about the sale of unsafe products and other illegal activities: https://www.beuc.eu/publications/unsafe_and_illegal_activities_online.pdf

If you would like to be removed from our mailing list, please let us know.

