

FACTSHEET #StopGeoblocking

What is it about?

While the European Union boasts a “Single Market” this does not always extend to consumers. Individuals often find that they cannot watch films or sports events online if they are on a foreign site, or they find that they are prevented from ordering a product from another Member State or must pay higher prices for a service abroad because access from their country has been blocked. This is because some companies “geo-block” their services and offers. That is to say they erect artificial barriers to prevent consumers in other European Union countries accessing their services¹.

Geo-blocking in e-commerce: Shopping across borders?

Cross-border shopping is often not possible in Europe. Geo-blocking is widespread in the e-commerce sector. While companies profit from the freedom to provide goods and services across Europe, consumers usually do not have the same opportunities to buy a service or access a product from other EU countries.

What happens in practice is that traders re-route customers to local websites with different prices, are refusing to sell or deliver their services and apply different prices on the basis of residence or nationality.

Under current EU laws, business are not allowed to discriminate on grounds of nationality or the place of residence of their customers. But there is legal uncertainty about when different treatment may be justified (e.g. because of logistics or different tax regimes).



Geo-blocking in audio-visual services: a Single Market for creative content and sports?

EU citizens who live in border regions, people who are travelling, for business or pleasure, expats and language minorities have all experienced the other big example of geo-blocking when they cannot access TV or films from home or from the neighbouring country.

As a result many consumers cannot access the affordable quality audio-visual content that they would like. And consumers cannot choose their preferred provider from across the EU.



People who are dissatisfied with the TV in their country cannot switch to a foreign broadcaster who better meets their needs. TV subscriptions are the worst performing market in a number of countries including Denmark, Croatia, Portugal, Finland and Sweden². These consumers would benefit greatly if they could access TV series, films or sports from abroad. The licensing practices that prevent access to these services are simply out of date in an online environment, and consumers are paying the price.

¹ Our UK member Which? is not directly following this issue at this time and is thus not a signatory to this paper.

² Consumer Market Scoreboard, 10th edition, June 2014.



🗨️ Competition and choice: good for all market players?

Ending geo-blocking would not only benefit consumers. There are benefits for other market players too:

- The European audio-visual industry would be able to reach a wider audience. The BBC has over 60 million viewers outside the UK who watch content through BBC iPlayer without paying the license [fee](#). It would make economic sense if broadcasters like the BBC could tap into this market and meet this unsatisfied demand.
- The best and most effective way to tackle piracy is by providing consumers with affordable and legal access to the services they want. Consumers who can buy from the country and service provider they choose have less of a reason to turn to unauthorised sources. According to a 2015 survey, 80% of consumers thought affordable legal access was better than downloading from unauthorised sources.
- One of the problems facing the European film industry is reaching audiences beyond national borders. This will only change if consumers can legally access and pay for such content.
- Facilitating cross-border sales of goods and services will help open new markets, especially for small and medium-sized enterprises. Legal certainty about which restrictions might be “justified” means companies can serve consumers in other Member States in full compliance with EU internal market laws.

🗨️ What needs to happen?

Tackling audio-visual content geo-blocking:

- Geo-blocking in the audio-visual sector could be effectively addressed through the reform of the Satellite and Cable Directive (dealing with broadcasting of via satellite).
- BEUC has proposed applying the country of origin principle of audio-visual content distribution using satellite signals to also cover audio-visual services offered online. (More details are available in [our response to the public consultation](#), based on a [study](#) by Prof. Hugenholtz (Amsterdam University) for BEUC).

Tackling geo-blocking in e-commerce:

- In its [response](#) to the Commission’s consultation, BEUC supported the European Commission’s proposals for a legislative initiative to address geo-blocking in the e-commerce sector.
- The EU needs to clarify the factual and legal grounds which would prohibit a trader blocking access to consumers from other Member States.
- A law which companies do not follow does not benefit anyone. The Commission should ensure that all Member States adopt sanctions and chase down sellers who discriminate against consumers.

³ IP Youth Scoreboard 2015.