



Online platforms: Commission sets new standards on transparency and fairness

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Today, the European Commission is proposing new rules for the online platforms providing small businesses with a safety net in the digital economy.

The new rules will improve the functioning of the Digital Single Market and follow President **Juncker's** [State of the Union announcements](#) of 13 September 2017 to "*safeguard a fair, predictable, sustainable and trusted business environment in the online economy*". The aim of the new rules is to create a fair, transparent and predictable business environment for smaller businesses and traders when using online platforms. Businesses such as hotels, traders selling online, app developers, and other similar companies that rely on search engines for attracting internet traffic to their websites are amongst those who will benefit from the new rules.

Vice-President for the Digital Single Market Andrus **Ansip** said: "*Millions of mostly small traders in the EU now depend on online platforms to reach their customers across the Digital Single Market. These new online market places drive growth and innovation in the EU, but we need a set of clear and basic rules to ensure a sustainable and predictable business environment. Today's proposal brings more transparency to the online economy, gives businesses the predictability they need, and will ultimately benefit European consumers.*"

Elżbieta **Bieńkowska**, Commissioner for Internal Market, Industry, Entrepreneurship and SMEs, said: "*We want to prevent the fragmentation of the Single Market through a patchwork of national rules. Today, the Commission is coming forward with an approach that will give EU businesses – particularly smaller ones – the transparency and redress mechanisms that will help them embrace the digital economy. It also gives platforms legal certainty.*"

Mariya **Gabriel**, Commissioner for the Digital Economy and Society, said: "*Platforms and search engines are important channels for European businesses to reach consumers but we must make sure they are not abusing their power, and thus bring harm their business users. We are taking a very important step with clear rules on transparency, efficient dispute settlement and the launch of an observatory to analyse online platforms' practices in greater detail. Ensuring that platforms and search engines treat other businesses fairly is critical including for promoting trust in online platform environment in the EU*".

Almost half (42%) of the small and medium companies who responded to a recent [Eurobarometer survey](#) said they use online marketplaces to sell their products and services. According to another study, nearly 50% of European businesses operating on platforms experience problems. The study also shows that 38% of problems regarding contractual relations remain unsolved, and 26% are solved but with difficulties. It is estimated that €1.27-2.35 billion is lost directly in sales as a result.

Legislative steps to ensure transparency and fairness when dealing with platforms

The new rules will tackle these concerns by:

- **Increasing transparency:** Providers of online intermediation services must ensure that their terms and conditions for professional users are easily understandable and easily available. This includes setting out in advance the possible reasons why a professional user may be delisted or suspended from a platform. Providers also have to respect a reasonable minimum notice period for implementing changes to the terms and conditions. If a provider of online intermediation services suspends or terminates all or part of what a business user offers, this provider will need to state the reasons for this. In addition, the providers of these services must formulate and publish general policies on (i) what data generated through their services can be accessed, by whom and under what conditions; (ii) how they treat their own goods or services compared to those offered by their professional users; and (iii) how they use contract clauses to demand the most favourable range or price of products and services offered by their professional users (so-called Most-Favoured-Nation (MFN) clauses). Finally, both online intermediation services as well as online search engines must set out the general criteria that determine how goods and services are ranked in search results.

- **Resolving disputes more effectively:** Providers of online intermediation services are required to set up an internal complaint-handling system. To facilitate out-of-court dispute resolution, all providers of online intermediation services will have to list in their terms and conditions the independent and qualified mediators they are willing to work with in good faith to resolve disputes. The industry will also be encouraged to voluntarily set up specific independent mediators capable of dealing with disputes arising in the context of online intermediation services. Finally, associations representing businesses will be granted the right to bring court proceedings on behalf of businesses to enforce the new transparency and dispute settlement rules.
- **Setting up an EU Observatory to monitor the impact of the new rules:** The Observatory would monitor current as well as emerging issues and opportunities in the digital economy, with a view to enabling the Commission to follow up on today's legislative proposal if appropriate. Particular attention will be paid to developments in policy and regulatory approaches all over Europe. Depending on the progress achieved and based on the insights gained through the EU Observatory, the Commission will assess the need for further measures within three years.

Background

The Regulation proposed today by the Commission, follows up on the Commission's commitment in the [mid-term review of the Digital Single Market Strategy](#) to prepare actions to address the issues of unfair contractual clauses and trading practices identified in platform-to-business relationships, by exploring dispute resolution, fair practice criteria and transparency.

The proposal is the culmination of a fact-finding exercise that has been ongoing for two years and has involved wide-ranging consultations, economic research and policy design as well as numerous workshops.

The Commission has also been using its competition enforcement powers to enable fair competition in the platform economy. For instance, in May 2017 the Commission adopted a [decision](#) rendering legally binding commitments offered by Amazon on preliminary competition concerns relating to a number of clauses in Amazon's distribution agreements with e-book publishers. In June 2017 it adopted a prohibition decision concluding that Google has abused its dominant position by illegally advantaging its comparison shopping service in its general search results. The Commission will continue enforcing EU competition rules in the digital sector where appropriate.

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