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## [CIP@EU: Newsletter #5](#)

### **Comments on the Digital Services Act**

Society and consumers are increasingly digital. SMEs must have at their disposal the mechanisms and means available to be able to follow this transition. The volume of online purchases and payments is growing exponentially, a trend that has been mirrored by the growth of online sales by SMEs. It is important to ensure that micro and SMEs are safeguarded in the Digital Services Regulation through a set of rules on digital service providers.

CIP welcomes the new regulatory framework that will enable the EU to consolidate its digital sovereignty, establish standards with a clear emphasis on data, technology and infrastructure, while safeguarding consumer protection and promoting business competitiveness.

The need for legislative update should not, however, undermine consistency with the principles of the E-Commerce Directive and the Single Market, in particular the protection of fundamental rights such as freedom of expression, the country-of-origin principle or the principle of free establishment.

The country-of-origin principle is fundamental to the European single market, has proven to be essential for the cross-border provision of services, so it should be preserved under the DSA. CIP agrees that the Commission should protect the country-of-origin principle and ensure that, where necessary, any derogations by Member States are proportionate to these concerns.

It is crucial to avoid fragmentation of the Single Market. This can be achieved by harmonizing regulation: the rules, standards and principles for content moderation should be the same across the EU. CIP advocates that Single Market rules should apply equally to all digital service providers, regardless of where they are established. Any new measure proposed by the EU should preserve the cohesion of the Single Market.

Any new obligations and sanctions imposed on digital services and online platforms should be proportionate to the scale of the potential risks posed, so as not to disadvantage innovative digital SMEs competing with larger and better-placed companies to overcome the regulatory burden.

It is important to establish a level playing field for SMEs operating in European markets, and it is equally important that no barriers to innovation are placed in their way. For SMEs, ensuring

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that interoperability is encouraged is a necessary condition for Europe's competitiveness in the digital transformation.

As for the DSA's implementation mechanisms, they should be fit for purpose and as light and simplified as possible, lowering the cost of doing business for compliant SMEs within the Single Market.

Regulation is fundamental to ensure the sustainability of the economic model where nothing that is illegal offline can be legal online. CIP agrees with a proportionate system of due diligence obligations for digital service providers. Nevertheless, it is considered that the biggest threat to digital business users (enterprises) is related to illegal goods (counterfeit and dangerous products) and not to illegal content.

The DSA has a strong focus on content regulation. CIP considers that equal attention to the issue of transaction of goods through online platforms would be desirable to prevent transactions of illegal, counterfeit or dangerous goods.

Ensuring mechanisms where digital services allow consumers to buy from third-party traders, including those in third countries, collecting information from those traders in order to identify them in case problems arise is positive and would greatly help the traceability of counterfeit or dangerous products.

Effective competition is key to a well-functioning digital platforms market, and the current ex-post mechanisms for controlling abuse of a dominant position should prevail, allowing for undistorted market competition and preventing competitive abuses or arbitrary decisions. Any new ex-ante mechanism must be framed within a rigorous process and a solid performance model, in order to avoid legal uncertainties and arbitrary decisions, thus preserving the spirit of the competition rules in force.