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Joint Letter from European Innovators, Creative Industries and SMEs to EU Economy Ministers

Platform-to-Business Regulation: Protecting consumers and supporting innovation

Brussels, 18 January 2019

Dear Minister Andrusca, Dear Ministers,

We write to you as European innovators, creative industries, small and medium-sized Enterprises (SMEs) and small platforms to urge you to adopt a Platform-to-Business (P2B) Regulation that ensures fairness by online platforms, promotes consumers' best interests, and supports the sustained growth of European businesses. **In addition to requiring transparency, the P2B regulation must ensure online platforms refrain from unfair business practices, and in particular those that favour the platforms' own services. These practices have a negative impact on consumer choice and threaten innovation across Europe.**

The Commission identified the systemic nature of unfair business practices by certain platforms as an important barrier to growth in the digital economy. However, its proposal for a P2B Regulation would only introduce transparency requirements. In contrast, the European Parliament has recognised that more needs to be done to prevent certain abusive practices and promote a fair and open platform economy in Europe.

Platforms that mediate transactions between independent businesses and consumers today account for around 60% of private consumption of digital goods and services¹. As the next stage of intermediation begins - for example with voice assistants - the number of European businesses that depend on platforms

¹ Commission Staff Working Document, Proposal for a Regulation on promoting fairness and transparency for business users of online intermediation services, 26-4-2018

to reach consumers will continue to grow. **Today, a small number of powerful platforms have become the primary gateways to access these markets.**

Our collective experience is that of some of these platforms dictate unreasonable terms and conditions to their business users, unfairly favour their own interests and services, arbitrarily interfere in the commercial relationship between their business users and consumers, and withhold important information generated by the activity of the consumer away from the business user. Instead of being gateways that facilitate access, these platforms use their privileged position to increase their own market power.

The result is resoundingly negative for an open and vibrant Digital Single Market. Consumers suffer through limited choice and higher prices. Innovation, competitiveness and plurality of information deteriorate because it becomes harder for new businesses to enter and disrupt markets.

We therefore support the approach of the European Parliament to go beyond transparency and establish minimum rules of fairness, to tackle discrimination in favour of platforms' own services, to prevent certain egregious commercial practices and unauthorised data disclosure to third parties, to strengthen transparency requirements and to reinforce enforcement and oversight.

Requiring fair conduct will not impose any burden on platforms, including small and medium-sized platforms. On the contrary, **fairness will help small platforms to grow and innovate** by levelling the playing field with more powerful platforms, which smaller players also depend on to do business.

For European consumers, a stronger P2B regulation will enhance their choice of goods and services online and lead to more diverse and innovative offerings at lower prices. For European businesses, it will be a catalyst to innovate, increase sales and investment and expand into new markets.

As you enter the next stage of the negotiations, we urge you to take account of the position of the European Parliament and strengthen the provisions of the P2B Regulation. Only then can we fully seize the opportunity and create an open and innovative platform economy in Europe that delivers for businesses and consumers.

Yours sincerely,

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