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CONFERENCE “SCIENTIFIC SUPPORT TO INTERNAL MARKET”

Session 3 – Scientific Support to the digital economy: E-commerce and E-procurement

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DIGITAL TOOLS TO BOOST THE SINGLE MARKET

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- Thank you for inviting me to speak here today and give the BUSINESSEUROPE perspective in this important debate.
- The single market is the most important driver for renewed growth, innovation and job creation. BUSINESSEUROPE has always been fully committed to making it work better for a more competitive Europe.
- A lot remains to be done to remove remaining barriers and strongly address the outstanding challenges to unleash the single market’s full potential. We appreciate the initiative to reflect together on how a scientific approach can help us achieve these objectives.
- I would like to focus my intervention not only on e-procurement and e-commerce, but also generally on how a scientific approach and “thinking digital” can contribute to achieving Europe’s policy objectives.

1. SCIENTIFIC APPROACH TO THE SINGLE MARKET

To start with, allow me to make a few comments on some important steps that the Commission has taken last year on the occasion of the single market’s 20th anniversary:

- At the end of 2012 the Commission published for the first time **Country Reports** describing the “single market performance” in the 27 EU Member States taking into account a number of selected quantitative indicators.
- Almost at the same time, the Commission adopted its **first Annual Report on the State of the Single Market Integration**, using concrete benchmarks to measure how well the single market functions, in particular in the areas with the highest potential for growth (services, energy, digital and transport).

We truly appreciate these initiatives. They provide more concrete, factual indicators on how single market rules work in practice. These factual indicators are valuable to adopt



a more scientific and objective approach to policy-making. They will also make it easier to monitor progress and define follow-up actions.

We believe that a scientific approach can certainly help improving the functioning of the single market and boost its potential for growth and job creation. In particular, a scientific approach should lead to three results:

- 1. Assess more objectively different policy options**
- 2. Facilitate an unbiased debate**
- 3. Deliver evidence-based reforms.** This is an essential element of applying the better regulation principles.

2. THE DIGITAL ECONOMY

Let me now turn to the second broader area I mentioned: the positive implications of promoting the digital economy and digital tools.

The digital economy is not a sector in itself. Its full development can drive up productivity and innovation in many “traditional” sectors and can greatly benefit people and society as a whole.

Just to mention a few examples of this, let’s think about:

- The **Points of Single Contact (PSCs)** that were set up by the Services Directive to provide information and assistance online to service companies across Europe; or,
- The **E-customs initiative** which can highly reduce compliance costs and improve EU security; or,
- The **E-signatures revision**, aimed at facilitating acceptance of electronic identification throughout the Digital Single Market.

Digital solutions today make it possible to overcome many physical barriers that until now prevented consumers and businesses to reap the full benefits of the single market.

The digitalisation of the single market could become a driver for productivity, competitiveness and innovation, but only if fully prioritised. Its importance as a driver for competitiveness, job creation and prosperity in Europe needs to be adequately reflected in EU and national policy-making.

3. ELECTRONIC PROCUREMENT

Let me now turn to electronic procurement. Without a doubt e-procurement can improve efficiency, the administration of public procurement and the functioning of the markets for government contracts. It can also generate big savings for public entities,



contractors and ultimately the taxpayer, which is particularly valuable now given the pressure to manage public expenditure.

We fully support the wider use of e-procurement and believe that it is a vital tool in simplifying cross-border procurement. Unfortunately, the overall take-up of e-procurement in the EU remains low - it is used in only 5-10% of procurement procedures carried out across the EU.

As you certainly know, there is currently a big revision of EU public procurement going on. In this revision the Commission has proposed to make e-procurement mandatory within a transition period of 2 years.

BUSINESSEUROPE has strong doubts about this and generally believes that the current European legal framework for electronic procurement is adequate and sufficient.

- Let me clarify this: of course we believe it is important for contracting authorities to provide tender material digitally to businesses and having the possibility to receive tender proposals in a digital form from businesses to save time, costs and create more competition.
- But concerning the legislation, things must not be rushed. The 2004 public procurement Directives brought many innovations into public procurement law, and specifically on e-procurement they permitted for the first time the use of electronic procedures and introduced a series of relevant techniques and tools.

We believe that the first essential priority is not changing the legislation, but addressing the operational challenges faced with e-procurement, namely interoperability and security of sensitive data as too many diverging applications exist at national, regional and local level.

4. E-COMMERCE

When talking about the digital economy, one key aspect to keep in mind is that the digital world changes very quickly. Policy-makers dealing with the Digital Single Market need to realise this and follow its pace. The entire approach to regulation needs to be proportionate, light touch and future-proof.

A clear example of this is e-commerce. It offers great scope for growth, wider choice and more competition:

- E-commerce is an enabler for new business opportunities. It can provide savings for almost €12 billion a year thanks to lower prices and wider choice thanks to easier cross-border trade and easier comparison of offers.
- E-commerce has also a huge potential for companies, in particular SMEs, which can expand their business across borders by selling online.
- Yet, while e-commerce is taking off rapidly at national level, cross-border e-commerce is still lagging behind. Many businesses are reluctant to operate across



borders due to a fragmented set of rules in the different Member States. For instance, Member States apply different VAT rates to the same types of e-commerce products, making cross-border operations difficult.

Many businesses think that it is too complicated or too risky to sell online or across borders. To truly facilitate cross-border e-commerce, a number of challenges relating to business trust, delivery, payments and interoperability need to be addressed simultaneously.

To overcome these challenges, we recommend applying an “**e-commerce**” test to all new proposals, with a thorough assessment of their impact on e-commerce, especially cross-border.

As mentioned consumers’ trust is another key element for the development of e-commerce. In this perspective, ensuring for example a harmonised framework for data protection across Europe is essential. European citizens must feel that their personal data are sufficiently protected, to be willing and able to trade online.

But companies should not be penalised by excessively burdensome and prescriptive rules, which would be also counterproductive for consumers. The systematic consent that citizens should provide for the use of their personal data could become a mere box-ticking exercise, rather than a way for them to truly control their data.

CONCLUSIONS

Let me repeat that in these difficult times, the priority is getting Europe out of the crisis. We have to ensure that we reap the full benefits from those areas that can bring us growth and make Europe more competitive.

It is clear that the single market is one of our most valuable assets in this respect. In particular, we need to:

- 1) Grasp the benefits of using a more scientific approach to further developing the single market.
- 2) Remove barriers to a true digital single market and boost cross-border e-commerce to create new business opportunities and benefits for consumers.
- 3) Promote e-procurement for more effective tendering processes, more competition, striving for a more efficient and cost-effective public sector.

Thank you for your attention.

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