# DG GROW

## Meeting between Commissioner Bieńkowska and Google President Europe, [redacted], 3 May 2016

Name of Cabinet Member: Commissioner Bieńkowska
Name of the Director who has cleared the briefing: Various
BASIS request ID: 233
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Directorate/Unit: E3

**Scene Setter:**

**Online platforms** (e.g. search engines, Video on Demand, music, e-books, social media, e-commerce platforms, price-comparison websites) are playing an important role in social and economic life: in particular they enable businesses and citizens to exploit the advantages of e-commerce.

The Commission has concluded a public consultation on platforms, online intermediaries, data & cloud computing and collaborative economy. We received over 11.000 answers, of which over 300 replied to the collaborative economy part.

**E-commerce package**: The Commission is expected to adopt the e-commerce package before the summer. The package includes legislative proposals for parcel delivery and geo-blocking. Non-legislative measures are foreseen for the collaborative economy.

[redacted]

**Objective of the meeting:**

- Underline the importance of the Digital Single Market Strategy as a key element of European competitiveness.
- Highlight DG GROW's contributions notably the e-commerce package (1st half 2016) and the European agenda for the collaborative economy (first half 2016).
- Get the views of Google on the DSM and challenges ahead.
- (If Google propose it) allow Google to express its views on the pending competition investigations against the company (right to be heard, listening exercise). There are NO lines to take on this issue – the Commission is in listening mode only.

**MAIN KEY messages for the meeting:**

1. We are starting to deliver on the promises made in the DSM Strategy. In the coming weeks and months we will present a number of ambitious initiatives.

2. We committed to doing a comprehensive assessment of the role of platforms. We will come forward with a Communication end of May / early June.

3. On platforms - we need to ensure:
   a. a level playing field for the same type of activities,
   b. responsible, fair and transparent behaviour by platforms
   c. open and non-discriminatory markets.

4. We expect to adopt the e-commerce package before the summer. The package includes proposals on cross-border parcel delivery and geo-blocking.

5. We are developing a European Agenda on the Collaborative Economy. A Communication is scheduled for publication in June 2016.

**KEY messages DSM**

***(1) Platforms***

- The public consultation on platforms largely confirmed the initial analysis about the challenges:
- A large majority of citizens and businesses recognised the benefits of online platforms; however, many have encountered, or are aware of problems faced by consumers or suppliers when dealing with online platforms, notably in respect of customer/user lock-in and the use of market power.
- Most business and citizen respondents stated that platforms should be more transparent notably about search results and review mechanisms. They also consider that online platforms do not provide sufficient information on personal and non-personal data collected and on their terms and conditions. Finally, many respondents said that the relations between platforms and the businesses using them could be improved.
- The forthcoming Communication will suggest concrete actions in some areas and identify those areas where further fact-finding is required.

***(2) Parcel delivery***

- The Commission plans to adopt measures to improve price transparency and regulatory oversight in the first half of 2016. There are no plans for price regulation. The measures will focus on areas where 'self-regulation' and markets have not worked, such as improving the affordability of cross-border parcels sent by individual consumers and small retailers.
- National postal regulators will be given a clear legal mandate to collect basic data from all parcel delivery operators, for example turnover and the number of persons employed, so that they can monitor parcel markets more effectively.

- The forthcoming (legislative) measures will complement existing (self-regulatory) initiatives that were proposed in the 2013 Roadmap to improve the quality and accessibility of cross-border parcel delivery services. These initiatives include greater interoperability between national postal operators and an information platform for e-retailers about cross-border delivery services.

***(3) Geo-blocking***

- The analysis of the 433 replies to the public consultation shows strong support from consumers for EU action in the area of geo-blocking and geographical discrimination: More than 80% of consumer respondents indicate that they have experienced this and the vast majority of them support a legislative solution. From a company perspective, many individual firms and business associations express concerns that they would be forced to sell to markets where they are not present or have to deliver goods throughout the EU.
- Our commitment is to make a proportionate proposal to enable all consumers to shop cross border and enjoy the same experience as local ones, and we are on track to make a proposal in mid-2016.
- The proposal will not entail an obligation to sell and deliver everywhere in the EU. This would meet the concern expressed by many companies during the public consultation. What we want to ensure is **non-discrimination** of European customers, when different treatment has no objective justifications.

***(4) Collaborative economy***

- The collaborative economy offers new opportunities for entrepreneurs and for consumers. It creates new markets and expands old ones. It leads to greater choice and lower prices for consumers and provides growth opportunities for European businesses. At the same time, there are important issues related to consumer rights, taxes and labour law that need to be addressed.
- In mid-2016 we will issue a Communication which will provide recommendations to the Member States and guidance on how existing EU law applies to the collaborative economy. The Commission wants to encourage the development of new and innovative services, without necessarily favouring a new business model over traditional ones.
- Our objective is to see Member States reducing unjustified regulatory burden on service providers, not to create new ones. Thus, Member States should review existing rules that constrain consumer choice and provide a sound level playing field.

***Questions to the interlocutor?***

1. Seek their views on the DSM Strategy in general and the Commission's plan to assess platforms, including how best to fight illegal content on the Internet.

2. What is missing from the current DSM strategy and should be addressed at EU level?

3. What can be done to encourage digital entrepreneurship in Europe?

4. Where do you see Google in the next 10 years?

5. Which areas will provide for the highest growth over the coming years?

**KEY messages Entrepreneurship**

- To boost entrepreneurial activity in Europe we are working on: cultural aspects, on the environment where enterprises operate, and on mechanisms to support businesses. Our *Entrepreneurship 2020 Action Plan* stresses the need to embed entrepreneurship as a key competence in all levels of education. Among other initiatives, we launched last year a European Entrepreneurship Education Network for best practice exchange and peer-learning.
- We want to reach specific segments of the population whose entrepreneurial potential is not being fully untapped yet. For example: women, migrants and senior citizens. The Commission will create this year an on-line platform for women entrepreneurs to provide information, advice, mentoring and networking opportunities. There is also a need to encourage and support the entrepreneurial activity of migrants: we will launch new initiatives this year to share best practices on business support schemes targeting migrants and help to improve them.
- Entrepreneurs and start-ups operate in a European Single Market which needs to work for them. This is why SMEs, innovative companies and start-ups have a prominent role in the Single Market Strategy. The Commission launched a public consultation on 31 March 2016 to seek direct feedback on needs and concerns of European start-ups.

***Questions to the interlocutor(s)***

1. What is so far the impact of the *Google for Entrepreneurs* programme? And what is the vision for the future of this programme and its sustainability in the long term?

2. Based on Google's experience in partnering with stat-up communities, which public policy interventions would you consider as useful in order to further promote and support start-ups in Europe? Does Google plan to contribute to the public consultation on Start-ups launched by the Commission?

3. To what extent are Google's actions to promote entrepreneurship target specific groups of the population, such as women, seniors and migrants?

4. Is Google involved in, or aware of, effective schemes to support entrepreneurs with a migrant background?

**Defensive points DSM**

***(1) Platforms***

**Would any future legislative proposal on platforms aim to protect European companies against American?**

- The DSM is not about creating a ***'fortress Europe'***. This is not about new forms of protectionism. We must create a level playing-field in which all companies, regardless of their origin, are able to compete and trade on an equal footing.

***(2) Parcel delivery***

**Why don't you leave it to the market to act?**

- The cross-border parcel market is not competitive for all senders. For customers wanting to send individual or small shipments in many member states and/or in remote areas, the choice of cross-border delivery services is limited.
- Self-regulation (i.e. the 2013 Parcel Roadmap) has not improved affordability or the regulatory oversight.
- There is also a history of anti-competitive behaviour in the parcel market.

**Why is greater regulatory oversight for all operators needed?**

- In some Member States the scope of regulation does not cover all the parcels that are used to e-commerce. This leads to fragmentation of the single market, gaps in statistical data and regulators who are ill-equipped to identify structural issues in the market.
- More standardisation of the information that parcel operators are required to provide to different regulators will make compliance easier, as well as clarifying legal obligations. Additional regulation should not create undue administrative burdens and must respect the principle of proportionality.

**What are you planning on price transparency?**

- The aim of more transparency is to highlight the differences between domestic and cross-border prices and the differences between Member States, for example on a public website.
- The focus is likely to be on the prices paid by individual consumers and small businesses.
- Also want regulators to monitor the affordability of cross-border prices.
- Where prices are excessive we want to encourage retailers and consumers to find a better deal, and prompt delivery operators to lower their prices. No plans for price regulation.

***(3) Geo-blocking***

**Should the same product or service cost the same across the EU?**

- Charging different prices in different markets is not illegal, and it is not the Commission's intention to harmonise prices across the EU. Prices can vary for many objective and justified reasons. However, consumers need transparency and

better opportunities to go for the best possible price or service available in the Single Market. They should not be prevented from accessing more attractive offers available in countries other than the one where they reside. Only objective criteria, such as different shipping costs, might justify a different treatment of consumers.

**Would an EU prohibition on geo-blocking/discrimination lead to an upwards harmonisation of prices for consumers?**

- Unjustified discrimination/geo-blocking is already prohibited: this is a principle of the Single Market.
- In vertical agreements for the sales of cars, or for mobile phone roaming, the argument about higher prices was made, but the abolition of discriminations never led to such an increase.
- We do not think prices need to be the same throughout Europe. In border regions, prices for the same product in retail shops still vary, even though consumers freely cross the border to enjoy the lowest prices.

**Why do you need additional action if this is already banned in EU law?**

- The Services Directive lays down that Member States should ensure that companies are prevented from treating customers differently on the basis of their residence or nationality. However, the broad legal formulations and the lack of targeted means of redress and enforcement tools have hampered the effectiveness of the provision.

**What has the Commission done so far to stop discrimination between consumers?**

- In September 2014, the Commission drew attention to discriminatory practices against customers by car rental companies. Following this, car rental companies committed in October 2014 to change their practices. In summer 2015, the Commission started investigating similar practices of a major amusement park in France. These investigations are ongoing but we expect a change of practice.

***(4) Collaborative economy***

**How will this initiative help the better functioning of the internal market?**

- Regulatory uncertainty is often cited as a main problem that collaborative economy operators are facing. Member States are adopting divergent approaches. The Guidance will seek to provide clarity on the applicable rules and on the proportionality of the adopted national measures.

**Will this initiative ensure consumer protection?**

- The Commission intends to ensure transparency about rights and obligations of different parties: providers, platforms and users. Promoting consumer choice while ensuring consumer protection is key for this initiative.

**A fair level playing field needs to be ensured. Do you agree?**

- The initiative aims at facilitating a level playing field with services provided through traditional channels and undistorted competition. The existing level of regulations as they apply to traditional service providers cannot automatically be considered a benchmark for the collaborative economy. The aim of the initiative is to avoid that providers and platforms in the collaborative economy are hindered by disproportionate national regulation.

**Have you actually been listening to the views of operators other than Uber, such as taxi drivers, trade unions etc?**

- The Commission listens regularly to the views and expertise of other operators (taxi drivers, trade unions), and has carried out an extensive public consultation on this matter.

## Defensives Entrepreneurship

**What is it so important to train young people in entrepreneurship, and why is entrepreneurial education the first Pillar of the Entrepreneurship 2020 Action Plan?**

Policy makers and education leaders increasingly recognize the benefits that higher levels of entrepreneurial attitudes and skills can bring to the economy, but also to society at large.

Participants in entrepreneurship education are not only more likely than other groups to engage in entrepreneurship, but that they are also more employable. Entrepreneurial employees within a business can help enhance productivity, increase adaptability, and ensure that opportunities are fully realized.

We know that investing in entrepreneurship education is a high return on investment. The start-up rate among students who have run a mini-company in secondary schools is around three times as high as among the average population. These start-ups also tend to be more innovative, to have a larger turnover and to employ more people.

**What is the Commission doing to foster entrepreneurship education?**

The Commission is working in close cooperation with national authorities and other relevant stakeholders to promote education for entrepreneurship, acting as a catalyst and encouraging the sharing of knowledge and experience. It organises workshops with practitioners and policy makers, publishes guidelines and case studies, funds European projects addressing key issues such as the training of teachers and the assessment of entrepreneurial skills acquired by young people.

The Action Plan stresses the need to embed entrepreneurship as a key competence in all levels of education and to offer all young people a practical experience of entrepreneurship, to prepare a new generation of entrepreneurs. Funding from the Erasmus+ programme is supporting national authorities in introducing a practical entrepreneurial experience in their education systems.

Also last year a European Entrepreneurship Education Network was launched through a COSME grant to support policy development across countries. The objective is to reinforce cooperation and encourage peer learning among policy makers.

**What does the Commission intend to do to support female entrepreneurship?**

The Commission promotes and supports female entrepreneurship with concrete actions within the framework of the Entrepreneurship Action Plan. In particular during 2016 we will launch an on-line platform to serve as one stop shop for starting up and providing training, mentoring, advice and business networking opportunities for women.

We also intent to increase access to alternative sources of funding for women entrepreneurs by creating a network of Women Business Angels and provide targeted training and mentoring support. This is based on a pilot project initiative from the European Parliament. The idea is to encourage more women to become business angels but also to facilitate more women entrepreneurs to seek alternative sources of funding for starting up and growing their business.

**What will the Commission do to support migrant entrepreneurship, in order to help the integration of migrants and refugees?**

With funding from COSME and from the European Parliament we will start in 2016 two actions. We intend to share approaches across and between public administrations, with the aim to develop new support schemes and to improve the existing ones based on the best practices identified. We will help the development of support measures, including training and mentoring, for potential entrepreneurs in migrant communities who may not be reached by traditional business start-up support services.

***What kind of measures is the Commission foreseeing for SMEs and start-ups under the Single Market Strategy?***

In addition to providing EU funding instruments, the Commission will also simplify VAT requirements, reduce the cost of company registration and put forward a proposal on insolvency to give entrepreneurs who fail a second chance.

Information on regulatory requirements should be accessible through a Single Digital Gateway and the Commission will push for high quality, online public services to reduce administrative burden and make Europe a more attractive destination for innovators from both inside and outside the EU.

**Background**

**DSM**

*DSM – state of play*

- Measures adopted:
  - **9 December 2015**: measures on copyright (communication on copyright and regulation on cross-border portability) and contract rules (proposals on the supply of digital content and on the online sale of goods);
  - **19 April 2016:** DSM Technology package. It includes four communications (digitisation of industry; EU cloud; ICT Standardisation Priorities for the DSM; and new action plan on e-government) and several Staff Working Documents.

- Measures to be adopted in 2016/early 2017:
  - **May – June:**
    - Agenda on collaborative economy;
    - **'Content package'**: review of the Audio-Media Services Directive; platforms (25 May) and Communication on platforms.
    - **'e-commerce package'** - measures in the areas of parcel delivery, geo-blocking, and consumer protection cooperation (25 May);
    - signature of a voluntary agreement with stakeholders in application of the "**follow the money**" approach to IP enforcement (21 June).
  - **Third quarter**: cyber-security (communication on cybersecurity industry and PPP by end-June/early July - tbc); 2nd copyright package (September - tbc); telecoms regulatory framework review (September);
  - **Fourth quarter**: free flow of data (November); e-privacy directive review (December); IPRED review (December);
  - **Early 2017:** Single Digital Gateway.

- **Platforms**

In the DSM strategy, the Commission committed to launching a comprehensive assessment of the role of platforms, including in the sharing economy, and of online intermediaries. This assessment will cover issues such as (i) transparency e.g. in search results (involving paid for links and/or advertisement), (ii) platforms' usage of the information they collect, (iii) relations between platforms and suppliers, (iv) constraints on the ability of individuals and businesses to move from one platform to another and will analyse, (v) how best to tackle illegal content on the Internet.

The public consultation on online platforms closed on 7 January and yielded 1038 distinctive responses from a wide variety of stakeholders from more than 30 countries. Views appear to diverge between those vigorously opposed to further legislative intervention and those in favour. A number of issues have been identified:

(i) **Responsibility of platforms** (esp. harmonised procedures for notice-and-action). Views are divided as regards whether the liability regime under the E-commerce Directive is still fit for purpose as well as whether further categories of intermediary services should be established, besides mere conduit/caching/hosting.

(ii) **Transparency** e.g. in search results (involving paid for links and/or advertisement). Traders and associations seem to see a risk to competition, enforcement of rights and consumer protection if transparency with regard to the identity of traders and

contractual conditions is not increased and ratings are not verified. Platforms see no reason to change the existing rating mechanism.

(iii) **Collection and use of data**. Platforms (e.g. Google, Facebook, and Microsoft) say enough information is provided on the personal data they collect and what use they make of it. Other respondents do not agree, particularly telecoms operators (e.g. Vodafone, DT) as compared with sector-specific requirements.

(iv) **Relations between platforms and suppliers** (B2B). Suppliers indicate the need to rebalance this relationship, on the basis of a combination of regulatory measures, self-regulation and market dynamics. In general, online platforms do not see the need for improvement of B2B relations.

- **Geo-blocking** [*legislative measure planned for May/June 2016 - tbc; GROW is co-cdf, with DG CNECT*]: legislative initiative covering both geo-blocking and geographically based discrimination (online and offline). DG GROW and DG CNECT submitted in March the draft impact assessment. The hearing before the Regulatory Scrutiny Board took place on 6 April. Work is going on in parallel on the draft legal text. *Timetable very challenging because the Regulatory Scrutiny Board requested resubmission in writing.*
- **Parcel delivery** [*legislative measure planned for May/June 2016 -tbc*]: The revised impact assessment was approved by the Regulatory Scrutiny Board on 2 March 2016. The Interservice Consultation was launched on 31 March, following detailed discussions between services.
- **Collaborative economy** [*Communication planned for June 2016 - tbc; GROW is cdf*]:
  - DG GROW is currently developing a communication setting out the European Agenda on collaborative economy as foreseen in the Single Market Strategy.
  - The overall message is that the Member States should reduce unjustified regulatory burden on service providers, not increase it. Thus, Member States should review existing sectorial rules that hamper competition and constrain consumer choice by creating a set of proportionate rules that provide a level playing field.
  - The Commission wants to contribute to the development of the collaborative economy by helping to answer questions concerning authorisations and licensing requirements, consumer protection issues and liability regimes, taxes, and employment rules. Since the collaborative economy space is evolving rapidly, we need to ensure that our actions contribute to an economic renewal, proportionate regulation and a level playing field.
  - We are also gathering good practices for collaborative economy from Member States. We will make use of them in the Communication under preparation.

## Entrepreneurship

### Examples of Google's activities to support skills development and entrepreneurship

Google pledge: after the completion of their first pledge to the Grand Coalition, Google will provide digital skills training to 1 million Europeans (not IT specialists) by 2016. Weltweit Wachsen (Germany) supports SMEs to use digital tools for exports. Activate (Spain): courses on web development and e-commerce to unemployed people. Made

(Italy): Italian craftspeople to sell their wares online. Digital Garage (UK): face to face trainings in five cities for SMEs. Google Pour les Pros (France) trains SMEs and matches them with graduates. Google will build a European training hub to support businesses to get training online. Google for Entrepreneurs: 50,000 entrepreneurs across Europe through startup hubs in London, Warsaw, Madrid, Berlin and Paris. Google Computer Science Education for 100,000 young people from lower socioeconomic backgrounds and ethnic minorities.

Google for Entrepreneurs:

Google for Entrepreneurs partners with startup communities and builds Campuses where entrepreneurs can learn, connect, and create innovative companies. Since 2011, this programme launched Campuses and formed partnerships that support entrepreneurs across 125 countries. These Campuses are community hubs where entrepreneurs come to learn, share ideas, and launch their start-ups. Google provides financial support and Google's resources to start-up communities that equip and nurture entrepreneurs.

**The Entrepreneurship 2020 Action Plan**

The Entrepreneurship 2020 Action Plan calls for action under three pillars:

- **entrepreneurial education and training**;
- creating an **environment where entrepreneurs can flourish and grow**; where the public administration effectively helps entrepreneurs; and
- promoting **role models and reaching out to specific groups,** such as **women, migrants, seniors,** whose entrepreneurial potential is not being tapped to its fullest extent or who are not reached by traditional business support.

The Action Plan requires implementation at **European, national, and regional levels** in order to have the desired impact. Actions for the responsibility of the Commission are well under way, and we are regularly monitoring their implementation.

In order to ensure the implementation of the Action Plan the Commission is constantly working to exchange knowledge and experiences among and across the EU Member States. The Action Plan and its key actions are followed up by the Commission through the competitiveness and industrial policy and the **Small Business Act governance mechanisms**. The network of **National SME Envoys and the EU SME Envoy** plays a particularly key role in ensuring progress on the proposed measures. Member States are invited to report on progress on the key actions of the Action plan at national level in the context of their National Reform Programmes in the framework of the European Semester.

A wide variety of initiatives are being put into place at national level as well.

***Some actions at EU level to implement the Entrepreneurship 2020 Action Plan:***

*I. Entrepreneurial education and training:*

- Entrepreneurship is defined in the EU as a **key competence** for all: it makes young people more creative and self-confident in whatever activity they undertake, it makes them more employable, and it leads to the creation of new businesses.

**- Education for entrepreneurship**, starting from primary school, shows good results because it is based on practical activities, and because it focuses on those soft and transversal skills that are the foundation of entrepreneurial behavior (such as creative thinking, sense of initiative, leadership, etc.). Depending on the level and type of education, the development of those transversal skills will be matched with more specific business skills and knowledge.

- Available evidence shows that young people who had entrepreneurship education display more entrepreneurial attitudes and intentions, find a job more easily and start more companies. The start-up rate of students running a mini-company at school is 3 times the average, since 15% will at one point start their own company. **Evidence calls for the importance on introducing as soon as possible entrepreneurship in the curricula in all EU Member States.** The Commission is working in close cooperation with national authorities and other relevant stakeholders for that purpose

- The Entrepreneurship 2020 Action Plan calls on Member States to **offer all students a practical experience of entrepreneurship before they leave secondary education.** Funds from the Erasmus+ programme have been made available to implement this recommendation (*two grants started in 2015*).

- The Commission launched in 2015 - through a COSME grant - a **European Entrepreneurship Education Network** – EE-HUB.EU - bringing together existing expertise and that will serve as a hub for good practice examples and peer-learning. (GROW F2)

**- HEInnovate**[1] is a self-assessment tool that helps universities to assess their current state and identify areas for improvement and development on the road to being a fully entrepreneurial institution. The framework can be used to design a tailored strategy and for institutional change (DG EAC).

*II. Support to entrepreneurs:*

-- The **Erasmus for Young Entrepreneurs** scheme launched in 2009 has already enabled 3500 entrepreneurs to work with a more experienced established entrepreneur in another country and learn on-the-job , with one third creating effectively a company, with a 87% success rate, and has the objective of enabling 10.000 exchanges by 2020. (GROW H2)

To support **digital entrepreneurship**, the Watify platform launched in 2014 gives support to entrepreneurs starting a new business or digitizing an existing one, and the "Startup Europe" initiative intends to facilitate the creation and growth of web start-ups, for instance through a partnership with major corporations and a network of accelerators with more than 200 members. (GROW F3 and DG CNECT).

*III. Reaching out to specific groups:*

- **Women Entrepreneurs**: Women represent only 34.4% of the self-employed in the EU and constitute 29% of entrepreneurs (11.6 million) in Europe. An on-line, Europe-wide

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[1] https://heinnovate.eu

E-Platform for women entrepreneurs will be launched soon, which will be a one-stop shop for women of all ages who want to start, run and grow a business, by providing educational, mentoring, advisory and business networking opportunities for women across Europe. To increase access to alternative sources of funding the Commission will create in 2016 a European Network of women Business Angels and women entrepreneurs, via a pilot project (funded by the EP). (GROW F2)

- **Migrant Entrepreneurs: The recent adoption of the European agenda on Migration** calls for specific actions in that domain. Migrant entrepreneurs can make the key contribution to sustainable growth and employment in Europe. COSME and the EP will finance in 2016 actions to (1) Identify and promote exchange of best practices between Member States regarding migrant entrepreneurs and (2) Support the creation of new support measures for potential entrepreneurs in migrant communities, who may not be reached by traditional business start-up support services. (GROW F2)

- **Senior Entrepreneurs**: The Commission launched in 2014 a "Senior entrepreneurs best practice exchange", exploring how to help seniors to enter the market as entrepreneurs or to become mentors for young entrepreneurs. Two European "Laboratories" were held in 2015 and served as a platform for best practice sharing. Key factors mentioned were the cross-generational element (networks of senior/young entrepreneurs) and mentoring. Best examples of how to promote senior entrepreneurship will be presented in a Good Practice Manual to be published in May 2016. (GROW F2)