



"The voice of crafts and SMEs in Europe"

Geo-blocking will discourage SMEs' online trade

SMEs are concerned after adoption of geo-blocking regulation in European Parliament

Brussels, 06/02/2018 – Today, the European Parliament's plenary ratified the agreement reached in trilogue by adopting the regulation to end unjustified geo-blocking. While SMEs support the fight against unjustified discrimination based on nationality and residency, they remain highly concerned with the Geo-blocking Regulation that leaves many open questions and does not guarantee legal certainty to traders. This will not facilitate increase of cross-border e-commerce.

"UEAPME has been very critical about this regulation since its first publication. The text imposes a de facto obligation to sell, contrary to what the European Commission and Parliament state. According to UEAPME, it is still not clear which obligations the traders will have towards consumers residing in Member States where the enterprise is not active, especially when dealing with aftersales provisions, and which will be the applicable law. There are many questions left unanswered. Despite the efforts in the Parliament, legal certainty was not achieved", said **UEAPME Secretary General Véronique Willems**, commenting the news.

UEAPME fully supports the underlining principle to prevent and prohibit discrimination based on unjustified or unreasonable practices. However, there exist many objectively justified reasons for a cross-border sale to be blocked, such as specific national legislations, difference in safety standards, high compliance costs or simply lack of capacity to handle different markets. The internal market is still fragmented but specific measures should be used to overcome this and complete the single market online and offline. The regulation on geo-blocking alone will not solve the fragmentation but instead pose an additional barrier for SMEs who want to enter the online market.

The SMEs active at local or regional level are more likely to refrain from going online or exploit e-commerce, a trend that would be counterproductive to the aims of the Digital Single Market Strategy. The burden will be particularly high for SMEs wanting to sell only locally and not cross-border. *"We regret this decision and we fear SMEs will be even more discouraged to invest in e-commerce. Ultimately, this might result in less choice for consumers on top of additional burdens for small enterprises",* added Ms Willems, *"we will closely monitor the implementation and the impact on SMEs and be ready to contribute to the evaluation of the regulation two years after its entry into force".*

Furthermore, UEAPME wants to highlight and draw the attention of the European Parliament to the fact that the regulation on geo-blocking needs to be carefully analysed in parallel with the so-called Digital Contracts Proposals. Indeed, the legal implications originating by the combination of the two proposals may have important consequences on businesses.

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EDITORS' NOTES: UEAPME is the employers' organisation representing Crafts and SMEs from the EU and accession countries at European level. UEAPME has 64 member organisations covering about 12 million enterprises with 55 million employees. UEAPME is a European Social Partner. For further information please visit <http://www.ueapme.com/> or follow [@UEAPME](https://twitter.com/UEAPME) on Twitter.

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