



HOUSE OF LORDS

Revised transcript of evidence taken before

The Select Committee on the European Union

Internal Market Sub-Committee

Inquiry on

ONLINE PLATFORMS AND THE EU DIGITAL SINGLE MARKET

Evidence Session No. 15

Heard in Public

Questions 146 - 157

THURSDAY 3 DECEMBER 2015

2.05 pm

Witnesses: Andrus Ansip, Hanna Hinrikus and Jörgen Gren

USE OF THE TRANSCRIPT

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Members present

Lord Whitty (Chairman)
 Lord Aberdare
 Baroness Randerson
 Baroness Donaghy
 Lord Freeman
 Lord German
 Lord Green of Hurstpierpoint

Examination of Witnesses

Andrus Ansip, Vice-President of the European Commission, **Hanna Hinrikus**, Vice-President's Cabinet, European Commission, and **Jörgen Gren**, Vice-President's Cabinet, European Commission

Q146 The Chairman: Vice-President, Commissioner, thank you very much for coming to give evidence today. The first part of our discussion will be formal. The layout of the room is a bit formal, but this is how we intimidate people—or we try to. But having seen you in Luxembourg earlier in the week, I know that you are not easily intimidated, so I am sure that you will manage.

Just for the record, the interests of Members are recorded. Since this is a formal session, there will be a formal record. You will be sent a transcript to check. It will be on the webcast and available subsequently via the parliamentary website. If you understand those constrictions, you are very welcome. In the first session we are going to focus very much on the area of our inquiry, which is a small but significant part of the total digital single market strategy. We have taken a considerable amount of evidence already on platforms, so most of what we are talking about in this first session will be platforms. At the end of the first hour, we will relax and we can have a more informal discussion, which will be more off the record. I hope that that is all agreeable to you.

Andrus Ansip: Lord Chairman, noble Lords, it is my great pleasure to be here to discuss our digital future and the digital single market strategy that we would like to create in the European Union. I am so sorry that today we do not have the digital single market in the European Union and the cost of a non-digital Europe is huge. We have to create this market together with you. It is my pleasure to be here and I am ready to take your questions.

Q147 The Chairman: Thank you very much. Perhaps you could lead off on the broader digital single market strategy and summarise the key actions you think will be helpful for developing digital business and access to digital facilities in Europe. Perhaps you could also focus on whether the strategy is in part designed to bring forward European business as distinct from American-owned business, which dominates some of the parts of the digital market at the moment.

Andrus Ansip: In the European Union, we do not have different rules for our own companies and for others—American companies, for example. Everybody has to respect EU rules. I am

absolutely sure that the digital single market will be beneficial for everybody—for our companies and for European companies but also for global players. In fact, those global players are able to deal even today with the 28 relatively small markets, but our own much smaller players have difficulty in dealing with the 28 relatively small fragmented markets.

The digital single market will be beneficial for everybody, including the global players. Rather than having to deal with the 28 markets, one single market would not only make sense for the global players but would be especially beneficial for ordinary people and small and medium-sized businesses. It will also be especially beneficial for the United Kingdom, because your country is highly developed in this sense. Just yesterday, we got another ranking list and the UK is fourth in the world.

The Chairman: Much of this is about opening up the market but in relation to platforms there is a reference to fit-for-purpose regulatory environment for online platforms. If most measures are opening up the market, is there a regulatory dimension to this? Is that the stick to the carrot of opening up the market, or is it also helpful to opening up the market?

Andrus Ansip: We do not have sticks and carrots in digital single market strategy. As I said, we would like to create the digital single market as we were able to create one in the physical sense. Today we can say that those four freedoms—free movement of people, goods, services and capital—are already a reality in the European Union, but the digital single market does not exist. According to analysis prepared by the European Parliament, the cost of non-digital Europe is huge at €415 billion per year. This amount of money will increase with the years if we are not able to create this digital single market in the European Union. Once again, however, there are no carrots or sticks in the digital single market strategy.

Q148 Lord Freeman: Good afternoon Commissioner, and welcome. We have heard, through both our evidence and our collective experience around the table, that there is a lack of venture capital of sufficient size and interest in Europe as compared with the United States. Do you think that this is a problem, and is it being addressed?

Andrus Ansip: Thank you much for this question. Of course this is a problem. I think you already know my solution for how we can fix it. We definitely have to ask ourselves why our smart brains, our start-ups, had to move from the European Union to scale up somewhere else. We know the answer: they are moving to the United States. Why did Spotify, for example, have to move from the European Union to the United States to scale up? Why is it so complicated to scale up here in the European Union? Of course, we know that it is because of fragmentation. Potentially, we have more than 500 million healthy customers here in the European Union, but because of fragmentation it is very complicated to scale up here in the European Union. Venture capital is very easily available to our start-ups in the United States. We have to create a digital single market here in the European Union.

The availability of venture capital—business angels—is quite different in the European Union. In some Member States, start-ups are treated in a really good manner. Start-ups from the country that I know best are moving to London because it is a much better environment here and a much bigger market for them than in smaller Member States. In financial technologies, for example, London is in a leading position in the world for start-ups, which is a promising solution, but we have to create an environment in the European Union that

allows scaling-up within six months, for example, and where our start-ups do not have to go somewhere else.

Lord Freeman: Could I ask a follow-up to that? In this country we have a number of agencies which, other than individual, privately owned venture capital organisations, are supported and encouraged by the state. Simply because of lack of scale, do you think there is a case for the Commission to recommend that the European Union takes the initiative in this regard in terms of using national assets, European Union funds, to help start up some of these highly complicated and specialised digital companies?

Andrus Ansip: Yes, definitely. The European Commission and the whole union already supports our start-ups. Under our start-up Europe initiative, we have funds which we are using to support our start-ups. But, according to my understanding, the main problem is in fragmentation of EU markets. Let us take, once again, Spotify. It is much easier for it to scale up in the United States and then to return to Europe to pick up country by country. But those well-paid jobs are not here; they are there. I really hope that when we are able to create the digital single market in Europe, those start-ups and smart brains around the world will move to Europe to scale up. Five hundred million healthy customers is a bigger market than some other countries around the world.

Q149 Lord Aberdare: Thank you. Good afternoon, Vice-President. When the digital single market strategy was launched it aroused great enthusiasm and support, certainly in the UK. My question is whether you are going to be able to maintain that consensus as you start to roll out the specific initiatives within the strategy. Is it your view that the Member States share the vision that lies behind the strategy? Where do you see the possible sources of tension or difference as you begin to roll out this very ambitious programme?

Andrus Ansip: Thank you very much. I hope that we will be able to reach all 16 aims set by the digital single market strategy quite soon. I do not think that there will be easy victories. It will be an uphill struggle because, in many areas, entrepreneurs have to change their existing business model even if they know that those business models are not sustainable. The change in the business model is complicated anyway. But we put together this digital single market with our Member States. I thank the United Kingdom cordially for its valuable input. However, we had input from all Member States. We had input from different groups of the European Parliament, including committees of the European Parliament. We also used modern instruments to collect ideas, including crowd sourcing and even Twitter chats. A lot of people took ownership of this digital single market strategy. They know that this is their strategy and that they would like to reach those aims. Once again, there are a lot of different interests, including vested interests—and some interests which are not so much vested anymore. It will be beneficial for all of us to create the digital single market in the European Union as soon as possible.

Next week, we will make our first two proposals about contract rules and consumer rights. Another proposal will be about allowing portability of digital content—e-books, music and movies et cetera. We are planning to make all the other proposals during the next year because we do not have time to waste. We are in a hurry because of the €415 billion we do not have. Because of people's fundamental rights, we do not show respect if we do not have a digital single market in the European Union.

Q150 Lord Aberdare: As you know, we have been looking at platforms. I am very conscious already that there are a number of areas—the shared economy and concerns in different countries about Uber, for example, and price parity clauses—where different countries are already beginning to move in potentially different directions. Do you have any concerns about there being fragmentation of rules emerging before the strategy is fully in place?

Andrus Ansip: We have to talk mainly about platforms today. I know you know that we launched public consultations about platforms and that we do not have evidence or information yet from those public consultations. I am not ready to say what we will do with the platforms. Do we have to regulate or deregulate? Doing nothing is also quite a good option in some cases. It is too early to say what we will do with platforms.

I am sorry but we do not even have a single definition of platforms accepted by everyone. We have hundreds of good definitions. It may be a definition proposed by the Nobel Prize winner, Jean Tirole. In most cases, it is used to talk about two side-by-side markets. But when different people are talking about platforms, they have a totally different understanding. For some people, the only platform is Google. I am sorry but there is only one commissioner who has the right to talk about concrete companies—Commissioner Vestager dealing with competition issues. All other commissioners have to talk about policy areas and not about concrete companies.

On sharing the economy, once again, for some people, the platform is Uber and all their understanding is around the problems connected mainly with consumer protection issues. As regards copyrighted material on some kind of platforms, how are our creators remunerated when selling their own value-added product on those platforms? Those are really important questions and we have to deal with them all one by one.

Once again, talking about platforms is not about carrots and sticks. We have a lot of promising platforms right here in London, mainly in the financial sector. I am not ready to say that we have to push those platforms somehow into corners or something like that. It is too early to say whether we have to regulate or deregulate. Doing nothing is also an option.

Lord German: You were kind enough to say that the UK is fourth in the digital revolution in the world, but Estonia is really successful, largely because people embraced the digital revolution very quickly. Why was Estonia so different and so good?

Andrus Ansip: Thank you very much for this polite question but I do not think Estonia is perfect enough to use its own example to teach other countries. We can find excellent internet-based solutions from all the EU Member States. As I have said, the UK ranks much higher than Estonia when we are talking about digital developments generally. When we talk specifically about e-commerce issues, yes, the country I know best is doing quite well.

To answer your question, I of course would like to simplify the situation. There are three reasons why Estonia is a success story, the first of which is that there was no legacy. When commercial banks in Estonia started to act as commercial banks again, after we regained independence, people did not have any memories about traditional banking and cheque books, et cetera. They just took the best technology and when the internet banking system was started, internet transactions were free of charge. If you do not have to pay, you will do it. In addition, that is why elderly people in Estonia are keen to use computers. Now, 98 per cent of such people use internet banking. Some people do not use banking services at all: no one knows who those people are who still visit bank offices. There was no legacy. The UK

cannot use this argument because you have a good history. Sometimes, it is easier to start from zero than to change existing models.

Secondly, in Estonia, at a very early stage, a really good decision was made to provide a single digital identity for Estonian citizens that would be protected by the Government. It was a really smart idea. Finland implemented its smart ID card but a strong digital identity does not mean that you have to provide ID cards with chips. There are other solutions. It implemented its smart ID cards a year earlier than we did in Estonia. Because it was voluntary in Finland, only 30,000 Finns used their smart ID cards. In Estonia, everyone had to use their cards because it was mandatory. You can have your travel passport or not, but you have to have your ID cards.

Anyway, it took six years for Estonians to give their first 1 million digital signatures.

Thirdly, in 2007, we implemented, at the level of law, the so-called once-only principle. The state has the right to ask for information from their citizens only once. It is prohibited to ask a second time. Of course, it can use this information only with “my” permission if it is needed again. That gave a real boost to the usage of digital signatures.

Now, Estonians are signing digitally more than 1 million times each week. The population in Estonia is only 1.3 million. It makes life easier and, thanks to digital signatures, we figured out that we save 2 per cent of our GDP. In a given working week, 2 per cent of our GDP is equal to our defence expenditure, for example, so our defence budget is coming from digital signatures. It is a question of efficiency from both sides—from citizens and the Government.

Now, thanks to the once-only principle, it is easy to submit personal income tax declarations, for example. This year, 95 per cent of people used the E-Tax Board in Estonia. Because of the once-only principle, those tax declarations are pre-filled. You have to check the figures, which takes maybe three minutes, and within the next five days you will get money back from the tax department. In Estonia, everyone knows that the tax department is probably the best in the world—it never asks for any additional money but just pays back money. I am joking of course. I am kidding. But it works.

People had to get the feeling that they will benefit. If they have that feeling, and if they can trust those services, they will use them. Trust is a must. Without trust, people will never use those internet-based e-services.

Q151 Lord German: Could I ask you a slightly different question, which follows on from what you just said. It is about market concentration. The Allegro system is often talked of as a major platform in Eastern Europe. Is it in competition with Amazon and eBay? It is only known and well used in one part of Europe. Does that mean that it is possible to create market concentration in some parts of the European Union, or are we looking at something that has to fill the whole of the European Union to be able to match the dominance of the United States?

Andrus Ansip: Of course, I support competition everywhere around the European Union. I believe in competition. Where there is real competition, competitors are making investments and there is enough space for innovation. Everyone can benefit from tough competition. According to EU rules, you can have not only a dominant position in the market but also a monopoly. But no one has the right to abuse this dominant position in the market. This is exactly the place where the European Commission has to intervene if there are some doubts regarding whether someone is abusing this dominant position. I do not think that

that is so. The market is divided already by some players. Not many—1 per cent—of those players said that 45 per cent of their transactions are from internet traffic. They have done it already and there is no space for new players.

Let us remember the changes that have taken place in the past 10 years. I do not know what kind of social media we will be using in 10 years' time or what will happen to our banking and financial technologies. We have to support those innovative technologies. Then, I think there will be really good possibilities for European companies to take this leading position around the world. This year in Davos, the Governor of the Bank of England stated that there is an Uber-type situation in the banking sector. The banks are losing those most profitable sectors, sector by sector, to financial technology platforms.

For me, this is a message about the openness of our traditional banks to new technologies. They need to be ready to adapt to those new technologies. Fin-tech companies in London already have a leading position in this field in the world. To use some kind of protectionist measures against fin-tech companies is a dead end. They have to co-operate because those companies provide vertical services such as crowd funding, quick-credit platforms or currency exchange platforms. They are able to provide the services much quicker and the price is cheaper than the services provided by traditional banks. They have to co-operate and we have to create an environment which will provide the most fruitful co-operation.

Q152 Baroness Donaghy: Good afternoon, Vice-President. When the digital single market strategy was launched, your colleague, Commissioner Oettinger, spoke of the need to restore Europe's digital sovereignty. The French Digital Council also told us that the increasingly central role of United States firms has resulted in a loss of national sovereignty and that Europe must avoid becoming a digital colony. In your view, to what extent are the actions of Member States and the Commission driven by a fear of losing control within their own borders and to what extent is this fear justified?

Andrus Ansip: All companies—small or big, European or foreign companies—have to follow European rules. Those rules will never accept the role of a colony provided by someone to European countries. A solution for people who have the doubts that you describe is that, in the creation of the digital single market, we have to be better than even the global players. Once again, I would like to state that the digital single market strategy is not “fortress Europe”. We will create equal opportunities for all players, all stakeholders. We do not have different rules for European companies and foreign companies.

Baroness Donaghy: Thank you. To follow that up, you indicated that everyone had to follow the rules but, to some extent, it depends what those rules are and how strict they are. We have heard that there are very divergent views among the commissioners regarding whether platforms should be regulated. Commissioner Oettinger wants regulatory intervention and Commissioner Bienkowska is against it. We would be extremely interested in knowing your views on this situation. Have we been correctly informed of the view of the others?

Andrus Ansip: As I have said already, it is too early to say whether we have to regulate, deregulate or do something else. We are just collecting evidence. Talking about platforms and sharing economic platforms, this is a new phenomenon. We would like to know what exactly is happening. We have to collect evidence and, on the basis of information, it is possible to make decisions. The approach in the European Union is exactly the same as in the United States of America.

In the USA, once again, sharing the economy, or the collaborative economy as someone described it, is a new phenomenon. It does not have clear ideas. Will it regulate or deregulate? It would like to collect information to understand whether it has problems and, if so, how to react.

But it is quite clear that we have some problems and challenges. Too many people are complaining. Musicians are complaining about platforms and the value “cap”. They are not well remunerated because some platforms, internet service providers, say that they are just neutral intermediaries. But now, the dividing line is not clear as to where they can clearly say that they are neutral intermediaries; where we have to say that populated material is being used, some value is added, advertising is being sold and ranking lists are being created, etcetera; and where they are not acting as a neutral intermediary any more. According to my understanding, those dividing lines are not clear now.

Once again, platforms based on subscription have 140 million subscribers contributing €1.6 billion to musicians. At the same time, other platforms have 1 billion contacts in a month. Those platforms are supported by advertising and contribute only €0.6 billion to musicians. I repeat that 140 million subscribers contribute €1.6 billion and 1 billion contribute only €0.6 billion.

When talking about the notice and take down principle, if we are talking about illegal content, this principle works. This is a more black and white issue. When someone says that something has to be taken down, it will be taken down. But if someone is using legal content illegally, it takes time. They have to understand if content is being used illegally, which takes time. Later, it may be taken down but that can take weeks or even longer. Then, just after two minutes, someone else may put the same content back on the same platform. Now our musicians are asking, “Please take it down and keep it down”.

So musicians are complaining. Do they have reason? Yes. But do we have to make this dividing line more clear between active sellers and neutral intermediaries? I think that we do have to but it is not easy. Those are all quite complicated issues but we have to try to make the dividing line clearer than it is now.

The Chairman: Could I just ask you, while we are on the issue of copyright, about performance rights and musicians? I know you are going to come up with a copyright law reform fairly soon. Do you think that that will deal with that point? This is an extremely complex area, as you say, and one that we hesitate to go into ourselves, but we are expecting a communication on copyright law reform. Will it deal with this issue and, therefore, perhaps deal with that slightly separately from the overall issue?

Andrus Ansip: You are right. We will deal with those issues separately. First, next week, we will make a proposal about allowing the possibility of accessing content. Last year 271 million trips with at least one overnight stay in another EU member state were made by Europeans, and many of those people would like to access their legally bought content in their home countries, but they cannot because of copyright restrictions. I am not talking about minorities or well-paid rich people who are travelling, but about our children and grandchildren who are travelling with their classmates, with choirs and so on, in some other EU member state. It is very difficult to explain to people why, if they have legal access to digital content in one country, they have to pay again to access the same content in another country.

There is quite a broad consensus between stakeholders, who mainly support a low level of importability. We will issue a communication dealing with cross-border access, and then we have to talk about piracy, the “follow the money” principle. But we will make concrete proposals on that in the next year. Piracy is a real problem and huge problem. I cannot understand those who say that we should not touch our existing copyright legislation because it works. How can we say that it works when we know that 20 per cent of internet users use VPN¹ to get access to digital content? People are ready to pay to get VPN, and those prices are not lower than Spotify or Netflix or other service providers. Everybody wants to act honestly and they are ready to pay, but in many cases we are not providing legal access for our people.

So, on the follow the money principle, today, according to some analyses, more than US\$270 million a year are paid by legal companies to those who allow illegal downloads of digital content—huge amounts of money. We have to deal with those illegal service providers; we have to deal with the follow the money principle because those legal companies that pay for illegal downloads say, “No, no, those are robots or computers delivering our advertising money. We don’t know about that. We are getting quite efficient contacts paying those amounts of money, and that’s all we want to know”. But our creators, film makers, musicians and writers are losing their money, and they deserve much better treatment.

Our copyright reform is about creating a ‘win-win’ situation; today, it is a ‘lose-lose’ situation. I would like to enjoy creators’ masterpieces, and I am ready to pay, but they are not accepting my money. We would like to create a ‘win-win’ situation, and I would like to enjoy those things, and I will pay creators, who will get more money. But, as you already know, we do not want to destroy the whole copyright system, which is based on the principle of territoriality—but anyway, we have to allow our people legal access to digital content.

Baroness Donaghy: The digital single market strategy and the online platforms consultation were launched and then the single market strategy was launched separately. It sets out a regulatory approach to collaborative economy platforms that is not very interventionist. Does this reflect a development in the Commission’s thinking, or is it specific to the collaborative economy and not of wider significance?

Andrus Ansip: The single market is much bigger than just the digital single market, which is part of that. In many areas, I am sorry to say, we do not have even a well-functioning single market in a physical sense. We have to pay much more attention to enforcement. It is one area where the single market strategy is focused. Those are different objectives in different areas where those two strategies are focused, and there is co-operation between us on those strategies. It is not a question of competition or even overlapping—nothing like that.

Q153 Lord Green of Hurstpierpoint: We understand that you have launched a consultation about the benefits of a more integrated digital market strategy. I know that the consultation is not complete yet, and you have been very clear that you would not address issues of appropriate regulation until you had a chance to assess the results of the consultation. But can you give us a sense of any emerging themes coming through from the consultation process regarding the role of online platforms and their relationship to their customers on

¹ Virtual Private Network

the consumer side as well as the business side? Are any key themes beginning to come through already?

Andrus Ansip: I am sorry to say, but it is too early to come to any conclusions in that field. We launched not only one public consultation but altogether, on the digital single market, 11 different public consultations. That may be too big a number, but it is a first step in our legislative process. Yes, public consultations about platforms are going on, and we are collecting information. It is too early to reach any kind of conclusions about where and how we have to act. My aim is to have less regulation. Emotionally, let us say, I would like to deregulate, and that is the aim of the Commission. We made, and will make, just 20 per cent of the proposals made by the previous Commission. We do not want to regulate more; we would prefer to have fewer regulations, but without regulations it is impossible to organise our activities in the European Union. So I am sorry, but it is too early.

Lord Green of Hurstpierpoint: That is very helpful. Even in what you have just said you have revealed a bias, an instinct for more flexibility and more openness, which I think you will probably find us sharing as we gather our thoughts together.

The Chairman: Can we just go back to the issue of competition and Lord Freeman?

Q154 Lord Freeman: Vice-President, the natural instinct of many observers of this industry would acknowledge that the major online platforms, if anything, are growing in power and dominance in the market. Competition, in the normal sense of the word, seems either difficult or virtually impossible, through lack of proper funding or merely attempting to reach a critical mass so that there can be real competition between European-based companies and American companies.

Is this not a rather particular case? For the reasons you have very clearly articulated, there is not real confidence that sufficient competition can be developed within Europe to compete with some of the overseas online platforms. Therefore, is there not a strong case in this particular industry for regulation and regulation quickly?

Andrus Ansip: We have to take time for democracy. It is practically impossible in the United Kingdom to react quickly and to provide new regulations and legislation.

The Chairman: We are joined by Lord Boswell, whom you know.

Andrus Ansip: It also takes time in the European Union. As I have said, to date, it is allowed to have a dominant position in the European Union and even to have a monopoly. But no one has the right to abuse this dominant position in the European Union. Some people would like to use new regulations as protectionist measures but, as I understand it, it is a dead end. We would not be able to compete with the real market leaders. We have to be better. It is not the end of the story. We can and will be better. I am just thinking about those financial technology platform companies based here in London, for example. They are doing really well and we will see. One day, we will have global players here in London.

As to the previous question, we would like to present our findings about platforms in the first half of 2016. It will not take long but will happen very soon.

Lord Freeman: Lord Chairman, may I just ask a supplementary to my question? Does the Vice-President agree that the policy, which I perfectly understand, is that the dominance of the American online platforms is such that, inevitably, it will take time for European

countries, either collectively or individually, in any way to challenge that dominance? Therefore, realistically, it really is a matter of time—it will take time—even with the intervention in some limited ways initiated by the Commission. But we are talking about a number of years. We are not talking about a short period over months.

Andrus Ansip: We intervened when dominance was abused according to our understanding. That also took quite a long time. I am thinking about Microsoft, for example, but it has happened. We have to be absolutely clear that no one is abusing this dominant position. If there are doubts, we have to start with inquiries and our procedures. We are not using other standards for American companies than we are using for our own or Asian companies. Everyone has to follow EU rules.

The Chairman: On that, you have pre-empted the next question, so I will jump now to consumer and data issues, and Baroness Randerson. We are nearing the end of our time.

Q155 Baroness Randerson: In our session yesterday, we heard that consumers had benefited from services provided by online platforms. However, we also heard that many consumers are unaware of how their data are collected and used by online platforms. What do you believe should be done to increase the power and control that consumers have in relation to their data?

Andrus Ansip: Thank you very much for this question. Until now, when we were talking about data, we were mainly talking about data protection but we have to pay much more attention to data as a resource and a commodity. We have to talk about data ownership and who has rights to use data collected about a person, and so on.

According to my understanding, people have to own their data. Talking about medicine, for example, in some countries of the European Union, personal health records are owned by patients. In other countries, people do not even have the right to get copies of their personal health records. What kind of free movement of patients can we talk about in the European Union when some people are unable to ask for a second opinion from not only another hospital but from lawyers, for example, if necessary?

There is resistance in those countries which say that patients do not have to know. There are Parliaments in Europe ready to say that people do not have to know what kind of data have been collected about them. I believe that people have to own their data—that they should have access to data or know what kind of data are collected about them. They also need the right to access data collected about them from third parties. This is not exactly about the digital single market strategy. Those are my ideas.

Talking about platforms and how the data of our people are used by some platforms, definitely, even without getting results from public consultations, more transparency is needed. As regards search engines or platforms providing accommodation, for example, I would like to know where they are promoting their own services, where there are paid search results, and where I can find the real market leaders. I am sorry to say—maybe it is me—that I do not understand which are the market leaders, which are the paid search results and which are promoting their own services. We have to make those dividing lines clearer. Giving citizens the right to say how someone can use their data will give them control.

On the basis of the example we have in Estonia, it works. If technically, someone has access to those data, you can easily figure out who looked at your personal health records, for

example, on the X-ray image. You will ask, why? If there is no reason, that would be the last time they would work in that hospital, or whatever. Public control is really efficient and it works. People being able to check who has access to their personal data is much better than some kind of mass surveillance. It is much more efficient.

Q156 Baroness Randerson: Turning to the general data protection regulation, online platforms are asking for a lighter-touch regime to apply to them. Do you believe that that is what the platforms want?

Andrus Ansip: I am not the right person to comment about the lighter-touch regime that some platforms are asking for. I can understand those who would like to deal only with self-regulation, which is quite efficient in many areas, and who do not want tougher regulations. But it has to be balanced. Our aim is to protect our consumers but at the same time create a fruitful environment for our businesses. As always, there has to be a balance.

Baroness Randerson: When the general data protection regulation is approved, the Commission will separately review the e-privacy directive as part of the digital single market strategy. Will this review provide a second opportunity to look at how platforms use data and how this space is regulated?

Andrus Ansip: Yes, you are absolutely right. First, we have to conclude negotiations about general data protection reform. It is important to conclude those negotiations as soon as possible. Already, all other activities have to be based on the reform of data protection rules in the European Union. We were talking about free data flows between EU Member States and third countries. It is the same story when we talk about a safe harbour, for example. All those new rules have to be based on reform of data protection rules in the European Union.

Generally speaking, when talking about the e-privacy directive, once again we have to ask what telecoms companies can do with our data, their cookies and spam. We have to think about whether there is already a level playing field between the top service providers and telecoms service providers, and how they treat our data and privacy, and so on. There are many such question marks today.

The Chairman: We are coming to the end of our formal session. I have a question from Lord Boswell, who, as you know, is the chair of our main Select Committee, and I think that Lord Green wants to come back on that matter as well. If you could just take those two questions, and if there is anything else you want on the record, focusing on the platform side, now is your opportunity.

Andrus Ansip: Lord Chairman, I am here and it is up to you to raise questions. I will try to provide answers and explanations.

Q157 Lord Boswell: First, I thank the Chairman for enabling me to come in and listen to this session, albeit part of it because I had a previous commitment, and you, Vice-President, for coming to give evidence. Even if I have not heard it all this afternoon, I had the benefit of hearing you at COSAC.

I have just two questions from what might be called a lay standpoint. One is in relation to consent. My experience suggests that I am more cautious as a consumer if I am faced with a paper-based system where I have to apply my signature or whatever. Online, I may tend to be less careful and commit myself to cookies or whatever the platform may wish to provide

or use, almost without anything other than the most casual of consents. That is a sort of technical awareness problem.

Arising from that, my second question is, if people have these consents, have harvested them and may or may not be using them for their own purposes, is there some merit in looking at occasional confirmation processes whereby they would have to tell you what they were doing or have done with your data, and you could then say, “I wish to withdraw from this”?

Andrus Ansip: Thank you very much for this question. I have already touched on this data ownership issue. According to my understanding, people have to get rights to withdraw their data and rights for portability—although that is not the same portability that we are talking about with copyright reform. It is portability between firms, because you can move your phone number from one service provider to another. When we talk about a level playing field and equal treatment, we have at least to think about those issues—and I promise that we will discuss them. But it is too early to say what we will do exactly, without having the results of the public consultation.

On consent, in some cases, we know that my consent is not enough to deal with data collected about me, because people in some cases are not able to understand what bad things can happen when they use data collected about me on the basis of my consent. It is not just in the digital world—it is everywhere. In some cases, there can be consent; if somebody asks, “Send me please your finger, the price will be acceptable”, it is not allowed according to EU rules or UK rules. It is the same in the digital world. It is not so that, if someone is unable to understand about those real threats, consent is enough and they can do whatever they like. I think Parliaments have to protect citizens, but at the same time we have to create a good environment for businesses. We have to find a balance

Lord Green of Hurstpierpoint: On a quick follow-up to an earlier conversation about competition law, and how that can be used to prevent the abuse of monopolistic or dominant market positions, we voiced a concern that we heard from others that the competition law process is very cumbersome and slow. Indeed, the case against Google has been going on for some time and the earlier case against Microsoft went on for years. So we have heard suggestions that one way through that dilemma is for the competition authorities at either Commission or national level to be more ready to use interim measures of enforcement, as the French have done and the Americans routinely do and as the German Monopolkommission has suggested, although I do not think that it has actually done it yet. The UK authorities do not do this, and my understanding is that the Commission has been reluctant. Do you have any comments to make on how competition law could be made more flexible and effective in that sense, particularly on behalf of smaller businesses seeking redress against very large platforms? That is in the context of an overall philosophy, which you articulated, of keeping the regulatory approach relatively light touch. The more that is true, the more you will necessarily be reliant on competition law to address the inequities that arise.

Andrus Ansip: The European Commission, of course, is dealing with competition cases, but it is not the only body responsible for open competition. There are laws regulating competition conditions on a national level; we have our regulatory agencies dealing with the competition issues. In the European Union, even when we are talking about those kinds of competition cases, we have to deal on the level of the European Commission. Everybody has the right to

turn to the courts. Our courts and our judicial system as a whole are dealing with competition issues, and we can do more on all those levels, but I do not think that we have to change the proportions between those different levels remarkably, right now. Generally speaking, the system works. On all the levels, of course we can make things better, but I am not ready to say that competition law on the level of the European Union does not work and that we have to change the whole system—no way. It works. We can do better, but it works.

Lord Green of Hurstpierpoint: Certainly, it was no part of what I was trying to suggest that at the level of the European Union we should do away with competition law. It was merely a question of whether the practice that is used by the French might be shared among other national competition authorities, and perhaps also at Commission level. I refer to the practice of interim settlements and rulings, which enable a swifter resolution of obvious issues in the interests of smaller businesses otherwise unable to prosecute a case against a very large player over all the years that takes and with all the expense that goes with it.

Andrus Ansip: What kind of decision national parliaments take is up to those Parliaments and not the European Commission; they act fully independently, and I do not want to intervene in those issues. But definitely more co-operation between national Parliaments also is needed to co-ordinate activities. When those problems cover practically the whole European Union and are really hot issues, we will react from the level of the European Commission and provide more generalised solutions for the whole European Union. So it is an evolving—not revolutionary but an evolutionary—process.

The Chairman: On that note, I am going to conclude the formal session. We are off the record from now on.