

# European Scrutiny Committee

House of Commons London SW1A 0AA

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From: Sir William Cash MP

21 April 2021

Caroline Dinenage MP  
Minister for Digital and Culture  
Department for Digital, Culture, Media and Sport  
100 Parliament Street  
London SW1A 2BQ

## **The EU Digital Services and Digital Markets Acts**

Thank you for your Explanatory Memoranda of 14 January 2021 on the European Commission’s recent proposals for an EU Digital Services Act and Digital Markets Act,<sup>1</sup> which overlap to a large extent with the Government’s own work on the Online Safety Bill and the Digital Markets Unit with respect to illegal online content and the market power exercised by the largest digital companies respectively.

We note that, with respect to the Digital Services Act, your Memorandum recognised the value of engagement with the EU to “build consensus around shared approaches to tackling online harms”. However, in relation to the Digital Markets Act you did not articulate such a commitment, although the Competition and Markets Authority has stated that it would be “desirable for there to be a coherent approach” between the UK and EU on “gatekeeper platforms” to avoid regulatory arbitrage and strengthen the effectiveness of new competition rules.<sup>2</sup> The Government itself has also identified influencing the standards governing technology and the digital economy through “regulatory diplomacy” as a key UK objective in the recent Integrated Review. The EU could have a significant impact on such standards in international fora, and its position is likely to develop in tandem with its Digital Services and Markets Acts.

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<sup>1</sup> European Commission documents COM(20) 825 and COM(20) 842.

<sup>2</sup> Competition & Markets Authority, “[The CMA’s response to the European Commission’s consultations in relation to the Digital Services Act package and New Competition Tool](#)” (14 September 2020).

We consider that it would therefore be prudent for the Government to monitor the development of the two Commission proposals in the Brussels legislative process closely and, where appropriate, engage with the EU where convergence of the UK/EU approach may be desirable or, conversely, divergence could pose risks to the effectiveness to the regulatory regimes foreseen under the Online Harms Bill and Digital Markets Unit.

In light of this, we would be grateful if you could write to us to set out how the Commission's proposals for the EU's Digital Services and Markets Acts fit into the Government's approach to regulatory diplomacy for the digital sector as outlined in the Integrated Review. We are particularly interested in any risks the Government has identified should the UK and EU approach divergence in substance, such as regulatory arbitrage; the opportunities for voluntary cooperation to mutually reinforce the effectiveness of the UK and EU's independent legal approach to the areas covered by the above proposals; and in which areas these risks and opportunities are most prominent.

We would be content to receive your reply by the end of May.

I am copying this letter to Julian Knight, Chair of the Digital, Culture, Media & Sport Committee and Stephen McGinness, Clerk of that Committee; Darren Jones, Chair of the Business, Energy & Industrial Strategy Committee and Rebecca Davies, Clerk of that Committee; Lord Kinnoull, Chair of the House of Lords EU Select Committee, and to Chris Johnson, that Committee's Clerk; to Laurie Scott, Megan Wilson and Rob Isherwood at your Department; and to Les Saunders in the Cabinet Office.

**CHAIR**