

## Written evidence submitted by Engine Advocacy (OSB0137)

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Engine is a Washington, D.C.-based non-profit technology policy, research, and advocacy organization that bridges the gap between policymakers and startups. Engine works with government and a community of thousands of high-technology, growth-oriented startups across the U.S. to support a policy environment conducive to technology entrepreneurship. A vital component of such an environment are low barriers to digital trade. The presence of proportionate, tailored, and certain intermediary liability frameworks around the globe are critical to keeping those barriers low and supporting startups with business models reliant on content created by others—whether photos, reviews, product listings, or some other user-created content. To that end, we appreciate the chance to share the perspective of U.S. startups and provide feedback on the draft Online Safety Bill.

The United Kingdom represents an important market for American startups. As U.S. startups grow and begin to seek users in foreign markets, they often first turn to English speaking countries.<sup>1</sup> Our two countries enjoy a long shared history as allies and an important trade relationship, with two-way trade in digital services representing nearly \$100 billion.<sup>2</sup> As growth in digital trade continues to outpace trade in traditional goods and services, furthering the digital trade relationship between the two countries remains critical.<sup>3</sup> The UK’s Online Safety Bill in its current draft form, however, threatens to undermine this relationship and a startup-friendly environment through increased costs and uncertainty around the scope of the law.

Content moderation is difficult at scale, and this is especially true for small startups with limited resources who spend much more per user than their larger rivals.<sup>4</sup> Despite the significant overlap in culture and history between our countries, differences do exist that can complicate the moderation efforts of American startups. And if a U.S. startup has a relatively small number of UK-based users, the time and cost of determining compliance requirements and building and maintaining new content moderation systems may outweigh the benefit of staying in or entering the UK market. The lack of clear definitions in the draft bill compounds these issues and makes it difficult for startups to get the tough moderation calls right.

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<sup>1</sup> Steven Carpenter, “A Startup’s Guide To International Expansion,” TechCrunch, Dec. 23, 2015, <https://techcrunch.com/2015/12/23/a-startups-guide-to-international-expansion/>.

<sup>2</sup> “Digital Trade Priorities for a U.S.-UK FTA,” Internet Association, Sept. 9, 2020, <https://internetassociation.org/publications/digital-trade-priorities-for-a-us-uk-fta/>.

<sup>3</sup> *Digital Trade and U.S. Trade Policy*, Congressional Research Service, May 21, 2019, <https://sgp.fas.org/crs/misc/R44565.pdf>.

<sup>4</sup> “Understanding how platforms with videosharing capabilities protect users from harmful content online,” EY, Aug. 2021, p. 27, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1008128/EYUK-000140696\\_EY\\_Report\\_-\\_Web\\_Accessible\\_Publication\\_2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1008128/EYUK-000140696_EY_Report_-_Web_Accessible_Publication_2.pdf).

Absent clear definitions about what constitutes harm, what qualifies as citizen journalism, or what content is democratically important, for example, companies—potentially including startups, depending on yet-to-be-written regulations regarding classification of companies—will struggle to know how to correctly implement these parts of the law. The bill would lead startups to devote significant resources to understanding these and other amorphous standards, a figure likely to outpace the few hundred dollars estimated by the UK government’s impact assessment.<sup>5</sup> Due to these costs, the prospect of having to make choices about content that is not otherwise illegal, and the threat of fines for getting those calls wrong, U.S. startups may instead choose to avoid operating in the UK or serving UK users.

By including thresholds in the draft bill, the UK government is acknowledging the differences among services and the amount of problematic content they encounter, but the lack of clear definitions for the thresholds compounds uncertainty surrounding the draft bill. If the thresholds are set too low, they will provide a strong incentive for small companies to avoid the UK market. And in considering the threshold parameters, the government should also be cognizant of threshold effects, the fear of meeting a threshold and triggering burdening obligations, that can disincentivize growth.

Regardless of size, the current scope of covered services also sweeps up many types of services beyond traditional social media, which might include marketplace startups or other innovative companies that facilitate user interaction only as part of their service. These types of companies are likely to encounter fewer pieces of problematic content, but would be subject to the same obligations under the current structure. Burdening innovative companies that pose little risk may serve to entrench larger rivals.

At present, the uncertainty created by the draft bill is a strong disincentive for American startups to seek or serve UK users. Large Internet companies with vast resources will continue to operate in the UK and will be able to overcome any headaches arising from the presently murky regime set to be erected by the draft bill. Innovative startups will struggle with the vague standards and resultant costs and will instead avoid the UK market, leaving less competition, and less vibrant trade than otherwise.

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Engine appreciates the ability to share this submission with the Sub-committee regarding the potential impacts of the Online Safety Bill on American startups.

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<sup>5</sup> *Impact Assessment*, Department for Digital, Culture, Media and Sport, Apr. 21, 2021, p. 38, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/985283/Draft\\_Online\\_Safety\\_Bill\\_-\\_Impact\\_Assessment\\_Web\\_Accessible.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/985283/Draft_Online_Safety_Bill_-_Impact_Assessment_Web_Accessible.pdf).

*27 September 2021*