

The EU and US share concerns on regulating new business models

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Feature

The EU has a lot to learn from Silicon Valley's success, writes Evelyne Gebhardt.



The European Parliament delegation to Silicon Valley last July offered members of Parliament's internal market and consumer protection committee an extremely interesting insight into the area's entrepreneurial culture.

There, internet companies have become the world's leading suppliers of online services. We met a range of CEOs and executives, from the biggest tech companies to promising new start-ups.

To me, it has become apparent from this visit that one important reason for Silicon Valley's recent success is the fact that it is located in close proximity to two of California's great academic centres, Stanford University and the University of California, Berkeley, as well as the artistic and intellectual hub of San Francisco.

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It is interesting that Silicon Valley's geographic situation has been so important to its success, whereas the internet seems to have made geography so utterly irrelevant.

Over the course of our visit, it also became clear that Silicon Valley's advantage lies not only in the agglomeration of economies, but also on a legal environment specifically shaped to accommodate the creation of programmers and web designers.

The legal framework in Silicon Valley affords internet intermediaries a reduced level of liability and law privacy protections.

As a legislator, I was wondering how the European Union can foster innovation without compromising our high level of consumer and privacy protection and our social-welfare entitlements.

I was therefore excited that we had the opportunity to meet Barbara van Schewick, director of Stanford Law School's Centre for Internet and Society, and associate professor of electrical engineering at Stanford University. Her work has heavily influenced the Federal Communications Commission's open internet order, which influenced network neutrality rules in the US.

She is an internationally renowned researcher in the fields of network neutrality and quality of service. I found her analysis of the recently negotiated telecoms single market package extremely insightful and helpful.

According to her analysis, the compromise which was reached following the triologue negotiations at the end of June allows for international service providers to abolish best-effort internet, as it permits the provision of different types of services to different types of applications.

According to van Schewick, the compromise's provisions entail loopholes, which allow providers to delay some services while providing best-effort service to others.

This analysis surprised me and convinced me that we have to thoroughly reconsider our own approach in order to ensure that consumers and citizens in the EU actually benefit from an open internet.

The trip to California has also shown to me that we in the EU, are not the only societies and regulators who struggle with the classification of new business models like Uber. The discussions we had revolved around the same questions, and US courts must decide upon similar issues in the near future.

For instance, should Uber drivers be considered employees or self-employed contract workers? Does Uber's business model constitute a sharing economy platform? And how can we make sure to foster the positive and innovative drive of sharing economy platforms while combating negative aspects which are detrimental to consumer rights and social welfare concepts?

All in all, the delegation has given me a keen insight into new and innovative business models and the opportunity learn from the US example.

About the author

Evelyne Gebhardt (S&D, DE) is a member of Parliament's internal market and consumer protection committee

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