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### JOINT STATEMENT ON IMCO DRAFT REPORT ON DSA

Digital innovation of recent years means the EU's digital rules need updating, however, the recent draft report from Internal Market Committee (IMCO) rapporteur Christel Schaldemose MEP contains measures that go far beyond the European Commission's proposal and will potentially stifle innovation and upend the internet in Europe as we know it.

Technology has been at the heart of Europe's pandemic response and its economic recovery will be powered by digital too. The Commission has recognised this by placing digital at the heart of the EU's recovery and resilience facility. Adopting some of the measures proposed by the IMCO rapporteur would dampen the ability of Europe's tech sector to continue to grow and innovate - creating new jobs and opportunities right across the European Union and threaten Europe's position in the global race.

The measures proposed include a stay down obligation for online marketplaces which will require online marketplaces to engage in general monitoring and diminish a key principle of the e-Commerce Directive. Turnaround times for hosting services will result in over-removal of content and will pose serious risks to fundamental rights.

Meanwhile, the proposal for an opt-in for targeted ads will undermine a key aspect of the digital ecosystem which allows thousands of small businesses to reach and connect with customers across Europe.

The report is filled with vague categorizations and overly burdensome requirements for companies such as new Know Your Business Customer (KYBC) obligations under the misguided assumption these obligations can be easily transferred from finance to digital platforms.

The potential for damaging unintended consequences has also been heightened by the call for algorithmic accountability without defining precisely what this means and leaving it open to the Commission to adopt "appropriate measures". Such uncertainty around the engine of the digital economy will mean businesses will be reluctant to innovate for fear of falling foul of future measures.

The EU should be doing everything that it can to support innovation, encouraging entrepreneurship and driving economic growth. We urge the European Parliament to reconsider the proposed measures

that will upend the internet in Europe, stifle innovative new companies and introduce a raft of new regulations restricting platforms in a way that will only make them less appealing to users and create barriers to entry for others.

Signatories:

- Digital Future for Europe (DFfE)
- techUK
- Developers Alliance
- Computer & Communications Industry Association (CCIA)
- European Internet Services Providers Association (EuroISPA)
- Digital Poland (ZIPSEE)
- Finnish Federation for Communications and Teleinformatics (FiCom)
- Allied for Startups
- The National Foundation of Young Managers – Romania