

Brussels, 23 November 2016

**Subject: Hasty agreement on geo-blocking counter-productive**

EUROCHAMBRES and UEAPME are strong supporters of the Internal Market. Offering (digital) services and goods beyond national borders represents a significant factor in many SMEs' business model. This is why we are fully in favour of initiatives that aim to reduce barriers between national markets or to ensure that existing rules are properly implemented and enforced.

The proposed Regulation on geo-blocking that is being developed now and discussed in the Council is of great importance for the future of the Digital Single Market. It is of utmost importance that all dossiers related to the Digital Single Market are considered in parallel given their inter-connectedness. Conclusions should be reached only after mature discussions on all related files. This logic applies particularly to the implications that the combination of the geo-blocking and contract sales law proposals might have.

We understand that a general approach on geo-blocking might already be approved during the next Competitiveness Council meeting on 28 November. We would, however, urge you not to adopt any final position without having first considered all the issues that are at stake. We specifically refer to article 1 § 5, which would create significant legal uncertainty if not addressed correctly. For the sake of SMEs, who typically do not have the means to acquire extra expertise about the consumer protection rules of non-targeted countries, it is crucial to build in adequate safeguards. Therefore it should be made clear that for passive sales, the consumer can only claim to benefit from the same general conditions that apply to consumers who have their habitual residence where the seller offers the option to deliver goods.

We would therefore suggest to add such a clarification point within article 5:

**5.b (New) Contracts concluded under the scope of this Regulation shall be governed by the general conditions applicable to the location agreed between the trader and consumer for the delivery of the goods or provision of the service, in a Member State where the trader operates/ where the trader offers such option.**

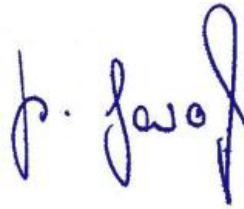
Without such a clarification, SMEs will be confronted with complicated and costly legal claims by active purchasers. Those SMEs only active at local or regional level are more likely to refrain from going online and exploit e-commerce, a trend that would be counter-productive to the aims of the Digital Single Market.

Both of our organisations would be happy to share our position papers on the Commission's proposal. Meanwhile, we remain at your disposal should you require any further clarification on the content of this letter.

Yours sincerely,



Arnaldo Abruzzini  
CEO EUROCHAMBRES



Peter Faross  
Secretary-General UEAPME

*Should you or your team require any clarification or wish to discuss the matter further, please contact Ben Butters at EUROCHAMBRES ([butters@eurochambres.eu](mailto:butters@eurochambres.eu) / +32 2282 0871), or Luc Hendrickx at UEAPME ([l.hendrickx@ueapme.com](mailto:l.hendrickx@ueapme.com) +32 2230 7599).*

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UEAPME is the employers' organisation representing crafts, trades and SMEs from the EU and accession countries at European level. UEAPME has 65 member organisations, which represent crafts and SMEs across Europe, covering over 12 million enterprises with 55 million employees.

EUROCHAMBRES, the Association of European Chambers of Commerce and Industry, represents over 20 million enterprises in Europe – 98% of which are SMEs – through members in 43 countries and a European network of 1700 regional and local Chambers.