

Practical consequences of the European Union's Digital Regulatory Package

Two important elements of the European Union's new digital regulatory package came into force at the end of 2022. The regulation for digital markets (Digital Markets Act) and the regulation for digital services (Digital Services Act) contain numerous new rules for companies operating in the digital space.

Although both regulations contain a transition phase and will only become fully applicable at the beginning of next year, it is advisable to start the preparation for the new regulations in a timely manner, as it will affect all businesses operating in the digital markets or which are relying on digital services, such as a cloud service, online direct marketing or a webshop.

The primary aim of this regulatory package is to supervise large internet companies, make the digital environment safer, make digital markets more efficient, strengthen consumer protection and regulate large tech-companies. The new rules will have a significant impact on the digital economy in the EU, with a focus on data protection, transparency, responsibility of online platforms, containing numerous new specifications for large tech-companies like Google, Facebook or Amazon.

The new regulations include a more precise definition, and an extension of the responsibility of online platforms. Online platforms shall take higher responsibility for online content, such as for the prompt removal of legally prohibited content, ensuring that such content can be easily reported and removed expeditiously.

Besides that, the new package allows the EU member states to implement stricter requirements for digital service providers regarding how online content is shared.

Further impact of the new regulatory package is, an increased competitiveness of the digital market. The regulation aims to create more favourable conditions for the operation of companies, thereby increasing their competitiveness on international level.

The new regulations prioritize transparency, equal treatment among competitors, which aims a better operation of digital markets within the EU.

The new regulatory package also aims to strengthen consumers rights within the EU, by improving the transparency of prices and fees during online shopping, and improving the quality of goods and services.

Due to the legislation via regulation, the new rules will have direct effect and will be directly applicable across all the EU member states. Similarly, to the rules of competition law and the GDPR (General Data Protection Regulation), the rules on digital markets and services shall be binding on all companies who target union markets, union consumers, regardless of their place of registration.