

ISOC European Regional Bureau Newsletter

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Data protection

EU: Technical work on the one-stop shop will continue

- A **partial general approach on specific aspects** of the draft **data protection Regulation**, including provisions on the public sector and provisions relating to **specific data processing situations** (Chapter IX), was reached at the Justice and Home Affairs Council.
- Member States held a debate on the **one-stop shop principle**, on the basis of the latest proposal by the Italian Presidency. While a majority of ministers endorsed the general architecture of the proposal, **further technical work will be needed** in the coming months. It was reported that the UK and Ireland voiced strong reservations about the latest proposal, while France and Estonia showed clear support for the text.
- The Council underlined that the **agreement reached does not mandate the Presidency to engage in informal dialogue** with the European Parliament.

The Netherlands: Data retention provisions will be maintained

- The **Dutch Ministry of Security and Justice** intends to **retain its current legislation on data retention**, despite the ruling of the Court of Justice of the EU that invalidated the EU data retention Directive.
- Although the **retention period will remain the same** (six months for Internet-related data), several amendments will be made to the law. While until now the approval of the public prosecutor was sufficient for a law enforcement **data request**, it will now need to be **approved by a judge**. A request for data older than six months will only be taken into account in cases of the most serious offences.
- A Dutch digital rights organisation **Bits of Freedom** pointed out that the law may not be executed as the country's Constitution stipulates that a law violating international treaties (e.g. EU Charter of Fundamental Rights) is invalid.

EU: New European Data Protection Supervisor takes office

- On 4 December, **Giovanni Buttarelli**, assisted by **Wojciech Wiewiórowski**, **took office** as the new chief and deputy **European Data Protection Supervisors**.
- Giovanni Buttarelli, former deputy Supervisor, replaces Peter Hustinx who has served as supervisor since 2004.

Net neutrality

Germany: Chancellor Merkel challenges net neutrality

- At **Digitising Europe** conference that took place in Berlin on 4 December, **German Chancellor Angela Merkel** stated that some key digital economy services would require reliable transmission quality and should therefore be **treated differently** than other data.

- According to the Chancellor, an innovation-friendly Internet means that there is a guaranteed reliability for special services. Thus, **differences in data treatment are necessary** for certain innovations, as these would only be developed if predictable quality standards were available.
- The Chancellor argued that the **Internet in Germany is not fast enough for the principle of net neutrality** to be implemented.
- **MEP Petra Kammerevert** (S&D) stated that **Merkel's position will make it difficult for the Council** to find a common position on net neutrality.
- Meanwhile, **German Federal government agreed on a draft rule on net neutrality**. Under the proposal, an open Internet will be preserved for all, but, under certain conditions, providers will also be allowed to develop special services.
- Companies would be allowed to propose special services only if they offer sufficient network capacity for all the regular Internet users.

Open Internet

Russia: New regulation may require ISPs to filter digital content

- Before the year's end, **Russia's State Duma** might pass a new law requiring **Internet Service Providers to filter content** before delivering it to users.
- The new legislation is supported by the **Safe Internet League** (a Russian NGO founded by Konstantin Malofeyev, a tycoon targeted by EU sanctions) and allegedly by Igor Shchegolyov, an adviser to President Putin.
- The **pre-filtering**, also referred to as white-listing, would deliver content free of violence, profanity or other potentially dangerous themes, the League claimed. However, if adopted, the bill could **grant Russian authorities with extra powers to censor online content**. According to the Russian press, in order to limit a public outcry, the examination of the bill has so far been kept secret.
- The **implementation of such a measure would represent an extremely high cost for the providers** as in 2014 all Russian Internet traffic has been estimated at 1.9 Exabyte. It would also require the establishment of a common filtering standard across the country.
- Safe Internet League might be well positioned to influence such a standard as it already develops and markets Internet content filters. It was reported that if the bill is successfully passed, the League might **move forward proposing an Internet for schools**; a separate Internet network providing school facilities only with information relevant for studies.

Digital sector regulation

EU: Commission to steer work on a pan-European digital market

- **Jürgen Gren**, Member of Commission **Vice-President Ansip's cabinet**, stated that during its current mandate, the Commission will work on **fostering trust and confidence** among consumers and removing what was qualified as **online annoyances for consumers**.
- Gren stated that a **pan-European digital market** could bring in **benefits greater than those offered by the prospective EU-US trade deal** and the banking union combined.
- **EU Commissioner for Digital Economy and Society Günther Oettinger** stated that as part of an EU plan to create a digital market, the **EU will review the existing electronic communications regulation** in the first half of 2015. Before the review, the proposed overhaul of the telecoms market rules needs to be concluded, Oettinger underlined.

Copyright

EU: Parliament's scrutiny of copyright provisions

- The European Parliament began its screening on **how the EU rules on copyright could be updated**. **MEP Julia Reda** (The Greens, Germany) announced she wants to finish a **first draft of the report** on how the 2001 Information Society Directive has been implemented and on anachronisms in the legislation **by mid-January**. This should pave the way for a vote by the Parliament's Legal Affairs Committee in March 2015.
- In parallel, the Parliament's research department will prepare a report on **all EU laws that affect the creation and distribution of creative content**. It is expected for the report to touch on the e-commerce Directive that imposes obligations on Internet access providers and other intermediaries, and on the intellectual property enforcement Directive.
- The initiative is driven by the newly created **working group on intellectual property rights and copyright reform** that is chaired by **MEP Jean-Marie Cavada** (ALDE, France).

Taxation

UK: Government targets (tech) companies tax payments

- In his **Autumn Statement** delivered on 3 December, **Chancellor George Osborne** announced a 25% **tax on profits introduced on multinationals that shift profits** out of the UK. The proposal follows Chancellor's earlier warning that he was going to crack down on companies, particularly **tech**, that use complex structures to lower their UK tax bills.
- Although the Chancellor promised to put a stop to what analysts call aggressive tax planning, there are serious doubts as to whether the UK would be able to prove that similar tax arrangements are illegal, as they are based in numerous bilateral treaties among Member States.
- In the next few weeks, Osborne is to meet with stakeholders, as he aims to have the bill adopted by **1 April 2015**.

General

EU: Digital Single Market could bring an annual added value of €488 billion

- The **European Parliament's Research Service** wrote a report offering a series of estimations for **potential gains to the EU economy from pursuing the ten-point plan** presented by **Jean-Claude Juncker** to the European Parliament before his elections as President of the Commission.
- One of the document's focus areas is the **Digital Single Market**. Among others, this part covers **digital consumer protection** (comprising Network and Information Security Directive, Data Protection Regulation and Common European Sales law) and cloud computing.
- The Parliament estimated that measures to improve **consumer protection online** would guarantee trust in cross-border online transactions and would represent a potential added value of €58 billion for the EU economy. Fostering the adoption of **cloud computing** would add €48 billion per year. Overall, the **full phasing-in of reforms** described in the Digital Single Market cluster of the report would **bring an annual added value of €488 billion to the EU economy**.
- The estimations are based on the findings of several impact assessment reports, summarising research undertaken by the Parliament's European Added Value Unit with a view to identify **the cost of non-Europe** in various policy fields.

Global: Internet freedom declines

- **Internet freedom declined** globally for the fourth consecutive year, the **"Freedom on the Net 2014"** report by Freedom House concluded. The report is based on observations from 65 countries from May 2013 to May 2014.

- The creation of laws suppressing Internet freedoms and the increase in arrests of individuals because of their online activity are the main causes of the decline. **Russia and Turkey showed the biggest drop** among the countries observed. Iran, Syria and China remained the worst performing countries, while Iceland, Estonia and Canada topped the report's list.