BULLETIN

ECIPE

ECIPE Bulletin No. 08/2013

Is e-commerce really the threat to European way of life – or did domestic populism trump the Single Market?

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Last week, France introduced a controversial law specifically designed to cripple Amazon to support physical bookstores. Italy is about to force web retailers in other EU countries to register for Italian taxes. Some European countries seem more than willing to defy the Single Market rules or global trade agreements. Well, as long as the target is e-commerce.

On a short trip to Paris the last weekend, I noticed that my favourite bookshop – a Rive Gauche institution for generations of pseudo-intellectuals – had been swallowed up and rebranded as Chapitre.com, a local online retailer with twisting fortunes. Paris may not be the same without its famous booksellers – although the hawkers on the river bank have been living off selling niff-naffs rather than books for decades. Even my own favourite shop catered for the local *gauche caviar* or Japanese tourists rather than actual readers (and my travel companion would claim that I am a prime example of the former two rather than the latter).

The book market has undergone a dramatic transition. Several mega-chains, like Borders, have folded. Even Barnes & Noble (that modelled for the unstoppable multinational that rips apart Meg Ryan's little indie bookshop in *You've Got Mail*) is selling anything but books and closed down several locations.

The culprit in France spells the internet. The French Minister of Culture, Aurélie Filippetti, has accused Amazon of dumping and has proposed a ban on its free delivery service. Given her portfolio, she may know more about Bob Dylan than market regulations: She claims Amazon will raise the prices once the competition is 'wiped out', but there is no evidence that Amazon (or other online retailers) have done so elsewhere. If there is a case of dumping – i.e. illegal predatory pricing – why aren't the excellent French antitrust laws being used?

The current French administration has sought to tax, nationalise or ban anything that moves by bits and terabytes. Previously, it tried to impose taxes on data transfers although that would conflict with a WTO ban against such levies (which Europe fought hard to include); and it blocked Yahoo's purchase of Dailymotion on the same warped logic that once designated yogurt as a French strategic interest. It vehemently opposes inclusion of audiovisual services in a transatlantic trade agreement, although the US entertainment lobby never actually asked for it.

France is hardly alone in bending principles – Italy proposes a VAT reform that requires all online retailers to have an Italian VAT registration in order to provide their services in Italy. I am yet to grasp what the Italian authorities will do with the hundreds of thousands of web shops on the Single Market without Italian VAT numbers that are lawfully accessible from Rome. Nor do I really see the difference for the tax authorities (or the rule of law) whether people in Milano satisfy their cravings for Belgian chocolates, London indie vinyl or Danish furniture by making their orders by phone, mail coupon or via the web – like these three legitimate businesses without Italian VAT numbers.

Furthermore, internet ads that are visible in Italy must be booked through an Italian business, and only be paid by bank or postal orders. The initial bewilderment (that postal orders still exist) turns into horror, as the law turns most of us into fugitives from the Italian justice. ECIPE advertises its academic seminars on social media, accessible in all of Europe, including Italy. We also paid for the ads with a recent invention called 'credit cards'.

The law could be ratified by the Italian Senate this week, but let's presume the intention of the legislators is not to urgently promote print ads and cash payments in Lira. The fact that the Italian online tax was passed as an amendment to the Stability Law – an emergency tax rise to fund pension payments – shows the political urgency going beyond book stores and advertising. In both France and Italy, the real problem is not distance selling (traditional mail order is strangely exempt) as the rules are specifically reversed for the internet.

However, e-commerce generates more than 3% of France's GDP, and about half of that number in Italy. They may seem like minuscule numbers, but en par with the contributions of the priced car industries that enjoy far more political favours. More importantly, just a couple of percent makes the difference between a euro-crisis and an economic recovery.

Unlike popular belief, the internet today is not a lawless land of tax evaders. Indeed, some European countries have lower tax rates, which is a real fiscal and political problem. But these countries do not apply lower for companies who have a ".com" at the end of their names. Instead, the real problem on the internet is how it has become subject to a myriad of overlapping jurisdictions with conflicting obligations – the laws of one country force you to pay taxes or comply in a certain way, which is declared illegal in another country.

The Single Market defused this problem until crisis-struck member states started to enact laws that are obviously in conflict with (or open contempt against) commonly agreed EU rules. Is the message that Europe does not matter on the internet? In many ways – and whatever your politics are – this may hold true.