

From:
Subject:
Date:
To:
Cc:

Dear Deputy Permanent Representative,
Dear Ms Szech-Koundouros,

We are writing to you regarding the upcoming deliberations about fairness and transparency for business users of online intermediation services and its implications for startups as smaller and growing platforms as well as frequent platform users in Europe.

Startups in Europe succeed together with and thanks to online platforms. More often than not, startups themselves are intermediating business transactions to the benefit of the consumer. The possibility to review, compare and conclude transactions through a trusted partner is a key benefit for consumers in our digital market. Europe hosts over 5.000 marketplace startups* that enable small and big businesses to find their customers in countless niche markets. The majority of these platforms employ just under 50 employees and are growing quickly.

Platforms are often comparable in size, or even smaller than their business users. If rules in favour of transparency and fairness are made, they should seek to improve the lives of consumers and entrepreneurs rather than imposing strict obligations or even outright bans on parts of the industry.

Startups and providers of intermediary services often address shortcomings in our still incomplete single market. In this scenario, startups seek to resolve particularly complex, intransparent or unbalanced business relations.

We consider the principle-based approach taken by the European Commission has made a first step into that direction. With regard to the current trilogues, we hope that the Council can improve and cement legal certainty for small platform providers. Legally ambivalent concepts such as a general fairness clause will create costs and complexities that are not negligible for entrepreneurs. With an increased cost for compliance, legal advice and litigation, the productivity and innovative power of startups in Europe would suffer. Legal uncertainty, by leading to litigation-driven enforcement, also tends to favour larger players who have the resources to defend their arguments in courts.

Furthermore, the introduction of restrictions on vertical integration and differentiated treatment, as proposed by the European Parliament, will deprive startup and scale-up European platforms of perfectly legitimate economic growth opportunities. This will make scaling-up more difficult and is likely to entrench the market position of larger players.

Please [find here](#) a sample of European platform providers who facilitate

transactions of mostly bigger and more powerful business users. We remain available for any inquiries or clarifications and hope you find this useful for your important work.

Kind regards,

Lenard Koschwitz

Allied for Startups is a worldwide network of over 40 advocacy organisations focused on improving the policy environment for startups. We are working together to create a consensus on policies that can positively impact startups and grow digital entrepreneurship and digital economy at large. Our mission is to ensure that the voices of startups are heard in government.

Lenard Koschwitz
Senior Director Global Public Policy

Cantersteen 12
1000 Brussels
+32.487.80.78.19

Transparency Register: 634665118544-37

*based on dealroom.co - the same data base the Commission used for the impact assessment