

The collaborative economy

What is the collaborative economy?

The collaborative economy is a new way to offer and use products and services through online platforms. It covers many sectors and provides new opportunities for everybody. And it is wider than a few well-known companies: many imaginative people in Europe are developing new business models.



Why is it important?

The collaborative economy is growing rapidly. Gross revenue in the EU from collaborative platforms and providers was estimated to be **€28 billion** in 2015. Growth in recent years has been spectacular with **revenues almost doubling** from 2014 to 2015.

In 2016, a Eurobarometer poll showed that **more than half** of all EU citizens know about the collaborative economy, with one person in six already a user.

Almost one third of people who have been on collaborative platforms have already provided a service at least once. That's more than 5% of the EU population already providing products and services through such platforms. The collaborative economy is sowing the seeds of growth.

Why is action needed?

The collaborative economy **has a lot of potential**. People who want to start a business can test the waters. For the unemployed, it can be an opportunity to put their skills to use. More asset-sharing and efficient use of resources can contribute to sustainability and the transition to the circular economy. And both new and traditional service providers can use platforms to create new demand and reach new customers.

But the collaborative economy should not be a “parallel economy”: rules are needed to make sure that taxes are paid, consumer protection is upheld and employment conditions are fair.

National and local authorities are responding with a patchwork of different regulatory actions some encouraging activity, others restricting it. This results in legal uncertainty for all. Businesses and consumers alike call for **more guidance and better information** about the applicable rules.

The Commission has examined the conditions surrounding the collaborative economy across the EU. A number of research papers, a legal mapping of existing legislation in a sample of EU countries, a public consultation, stakeholder workshops, and a Eurobarometer poll highlight that the main questions concern **market access requirements, consumer protection, liability, labour law and tax**.



What is the Commission doing?



The European Commission provides **clarity** on applicable EU rules to help citizens, businesses and EU countries fully benefit from new business models.

The Commission has published guidance to EU countries on how existing EU rules already apply to the collaborative economy. It has also identified a number of good practices across EU countries. These are the main take-aways:

- Services providers should only be obliged to obtain **business authorisations or licenses** where strictly necessary to meet relevant public interest objectives. The specificities of the business model concerned should be considered, and regulation should not favour one business model over another. Absolute bans of an activity should only be a measure of last resort.
- **Platforms** should not be subject to authorisations or licenses where they only match consumers and those offering products and services. Whether their activities go beyond such intermediary activities and they also provide the actual service (e.g. transport or accommodation service) must be established case-by-case.
- EU countries should **differentiate between individual citizens providing products and services on an occasional basis and providers acting in a professional capacity**, for example by establishing thresholds based on the level of activity.
- EU countries should help people benefit from the new **employment opportunities** offered by collaborative economy while ensuring fair working conditions and social protection.
- Collaborative economy platforms should act in a responsible manner. They should put in place voluntary measures **to increase consumer trust** and fully cooperate with national authorities, e.g. to record economic activity and facilitate tax collection.
- EU countries are invited to **review and where appropriate revise existing legislation** according to this guidance, whilst ensuring that social and consumer rights are respected.

What are the next steps?

Given the rapid evolution of the collaborative economy, the European Commission will continue to **monitor** the economic development and the evolving regulatory environment and encourage the exchange of good practices among EU countries. The Commission will do this through:

- **Periodic surveys;**
- **Mapping** of regulatory developments in EU countries;
- Stakeholder dialogue in the framework of the **Single Market Forum;**
- The **Single Market Scoreboard.**

This Communication is not the end of the story. As guardian of the Treaties, the Commission will ensure that **existing EU law is consistently applied across the EU single market** and will continue to look for ways to encourage the balanced development of the collaborative economy alongside existing ways of doing business.

