
European Commission: “Geo-blocking in the e-commerce sector is widespread throughout the EU”

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In brief

The European Commission has published the preliminary results of its online commerce sector inquiry. Conclusion: agreements between distributors and suppliers by which the online sales of the distributors are geographically restricted raise competition law concerns. A similar investigation is currently ongoing in Romania.

In detail

The online commerce sector inquiry was launched in May 2015 with a view to verifying the existence and spread of agreements between suppliers and distributors regarding geo-blocking in the sector (irrespective of the industry).

Geo-blocking limits the rights of distributors to sell abroad and / or outside the geographical territory set by the supplier.

The European Commission identified the fact that geo-blocking is agreed contractually or verbally / informally and entails technical barriers which

restrict consumers from buying online from outside the state / geographic territory allocated by the supplier.

Replies from more than 1,400 sellers from across all 28 European Union Member States show that they frequently use geo-blocking for consumer goods or digital content.

Examples of geo-blocking are refusal to accept foreign payment methods, re-routing and website access blocks.

If geo-blocking is the result of an agreement between distributors and suppliers, such agreements can restrict competition and must be analysed in detail from the

perspective of the effects they produce.

[Source:
http://europa.eu/rapid/press-release_IP-16-922_en.htm]

The takeaway

The European Commission’s preliminary results may be considered an alarm bell regarding the sensitive competition aspects identified. In Romania, the Competition Council is expected to communicate a similar conclusion, as the authority is currently running its own online commerce sector inquiry.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:



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