



European Collaborative Economy Forum
Shared thinking for a collaborative Europe

**Round Tables
Four & Five Reports
Brussels
7th September 2016**

www.eucolab.org
contact@eucolab.org

Our aim

The European Collaborative Economy Forum provides a neutral place for industry and policy makers to come together to explore the current and future policy and regulatory landscape of the collaborative economy.

Industry aims to be an active player in the policy debate and wants to work with European institutions and to use collective experience to feed into policy formation to strengthen Europe's collaborative economy. The Forum's aim is to help create a strong and competitive industry for the benefit of platforms, users and European consumers. The Forum is funded by a collection of like-minded companies, who believe that cooperation and exchange of ideas are paramount to furthering the collaborative economy in Europe.

Who we are

EUCoLab is comprised of a broad spectrum of collaborative economy platforms at the cusp of collaborative innovation, across multiple verticals of the collaborative economy. Approximately two thirds of members currently operate across multiple Member States. Combined, member platforms offer goods and services to over a million users every day and have over 500,000 service providers operating on their platforms in Europe.

What unites EUCoLab members is an ambition to allow Europeans to benefit from their services. Through a continuous programme of exclusive roundtables, special projects, research and campaigns, EUCoLab creates a space for open dialogue to foster greater understanding of our platforms and their role in Europe's digital transformation. Current members include:



Our Roundtable series

EUCoLab has held a series of roundtables between policymakers and industry, focusing on the constituent parts of the collaborative economy - the consumer, the participant and the platform.

This report outlines the discussions held during Roundtable Four:
"Harnessing the Societal & Economic Benefits of the Collaborative Economy"

And Roundtable Five:
"Meeting demand & achieving sustainability"

Please see our website for report summaries of our first roundtable series
www.eucolab.org/our-work/

For further information on the work of the Forum, please visit our website:
www.eucolab.org or email: contact@eucolab.org



EUCoLab Roundtable Four:
**Harnessing the Societal and Economic
Benefits of the Collaborative Economy**
7th September 2016, Brussels



EUCoLab Roundtable Four

Harnessing the societal and economic benefits of the Collaborative Economy

Based on an introductory presentation by Luc Delany, Chair of EUCoLab

An introduction to the collaborative economy

A definition: “The collaborative economy can be defined as a social and economic system which allows people to share access to their assets, resources, time and skills through network technologies and peer communities”.

By leveraging internet based technologies to empower individuals, corporations, not-for-profits and governments, these platforms enable distribution, sharing and reuse of excess capacity in goods and services on a scale that did not exist before. By enabling consumers to connect directly with participants, platforms create value by unlocking unused or underutilised assets, streamlining business whilst opening up access to markets and employment.

The core features of collaborative economy platforms can be summarised as follows:

1. Enabled by **internet technologies connecting distributed networks** of people and/or assets.
2. Entails the **optimisation of underutilised assets** which have idle capacity.
3. Involves a shift away from **individual ownership to shared access (centralised institutions to decentralised networks)** through peer to peer marketplaces, social networks and real time technologies.
4. Enables the **sustainable and efficient use of current resources** by connecting capacity and demand.
5. Encourages meaningful interactions and trust; which **embrace openness and inclusion**.

The effect of the collaborative economy is neatly encapsulated by April Rinne, Advisor to the World Economic Forum:

Peer to Peer transaction models enable people to effectively unlock and redistribute the untapped value of underutilised assets, *“capitalizing on our newly found ability to use the Internet to match millions of haves with millions of wants, instantly and efficiently”.*

The opportunity for Europe - introduction to key issues

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. It allows for increased asset-sharing and efficient use of resources which can contribute to greater sustainability and the transition to the circular economy. Equally, the collaborative economy is increasingly enabling both new and traditional service providers to use platforms to create new demand, increase service efficiency and reach new consumers.

Rapid growth in revenues generated by the collaborative economy in Europe:

Platforms can make an important contribution to jobs and growth in Europe, if encouraged and developed in a responsible manner:

- Growth in recent years has been significant with revenues almost doubling from 2014 to 2015².
- In the EU, collaborative economy platforms and providers had an estimated gross revenue of €28 billion in 2015, with experts predicting the collaborative economy could add EUR 160-572 billion to the EU economy³.
- The Collaborative Economy market has received a total of \$25 billion in investor funding - making it one of the high funded industries to date⁴.
- Overall, the collaborative economy has produced 17 billion-dollar companies and 10 unicorns⁵.

Rapid growth in participation in the collaborative economy:

Growth in the collaborative economy is on the rise:

- 28% of the global population are participating in the collaborative economy⁶
- In 2016, a Eurobarometer poll showed that more than half of all EU citizens (52%) know about the collaborative economy, with just under one person in six already a user (17%)⁷
- 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 and considerable growth is expected in the next year⁸
- Participation in the collaborative economy is predicted to rise by a third in the next 12 months in Europe - more than 150 million Europeans are expected to engage in sharing over the next year⁹.
- Certain European countries are leading the way in the collaborative economy, with participation highest in Spain (6%) and the UK (5%), but this suggests that there is considerable scope for growth across the continent as familiarity spreads and more people turn their knowledge into action¹⁰.

Participation in the collaborative economy

- introduction to key issues

What does participation look like in Europe?

Collaborative economy platforms present a range of benefits to Europeans who choose to engage on them. While many participants see it as a way to earn some extra cash, others engage in it at a more professional level but with total flexibility about how, when, and where they work. Although the financial benefits are a driving factor, there are also social and community factors which drive involvement in the collaborative economy.

Platform participants are a varied group, ranging from freelance professionals, drivers, cleaners, delivery men, chefs etc. They have the potential to play a multitude of roles in economies across Europe. There are millions of self-employed people in all sectors across European industry who are self employed and take care of their health and social insurance. For them, online platforms expand opportunities and increase access to revenue. Europe's micro-entrepreneurs are in a position to become the engine of growth and future prosperity:

- Citizens in full and part-time employment, workers aged 25 to 54 years old,, as well as parents, are significantly more likely to take part in the collaborative economy than others¹¹.
- According to PWC, the majority of participants use platforms to supplement income around their commitments¹². For example, 83% of Airbnb participants in France share their main home; with 50% from moderate to low incomes. The platform provides them with a modest average monthly income of around €300. This drives economic activity for individuals but also spreads to neighbourhoods which do not traditionally benefit from tourism (and for governments through tourist taxes).
- The collaborative economy also offers opportunities for traditionally excluded groups (for example, for women, ethnic minorities and the young). In the UK, for example, with around one third of collaborative economy businesses having been founded by women, the sector is set to have an impact of this group¹³.
- According to Nesta, 'being your own boss' and having flexibility and control over your work are listed as the main motivators for participating in the platform¹⁴.
- Research also suggests certain age groups appear to be more partial to specific sectors and activity. For instance, young adults were the leading age group for lending and borrowing. Thus in countries such as France, Italy and Spain, collaborative economy platforms may improve the job chances of the young unemployed¹⁵.

Economic benefit for Europeans

- The revenue flowing through the collaborative economy directly into people's wallets will surpass €3.5 billion this year, with growth exceeding 25%¹⁶.
- The average European participant makes an average of €2,500 annually; but this hides those who engage on a full time basis and one off interactions¹⁷.
- There is great variation in income generated from collaborative economy activities. According to PWC, the majority of participants use platforms to top up and supplement income according to their lifestyle. The vast majority of sharers in Europe earned €1000 or less last year¹⁸.
- However, a more realistic sense of earnings for the majority is given by the median – or mid-point – which is €300¹⁹.

The revenue flowing through the collaborative economy directly into people's wallets will surpass €3.5 billion this year, with growth exceeding 25%

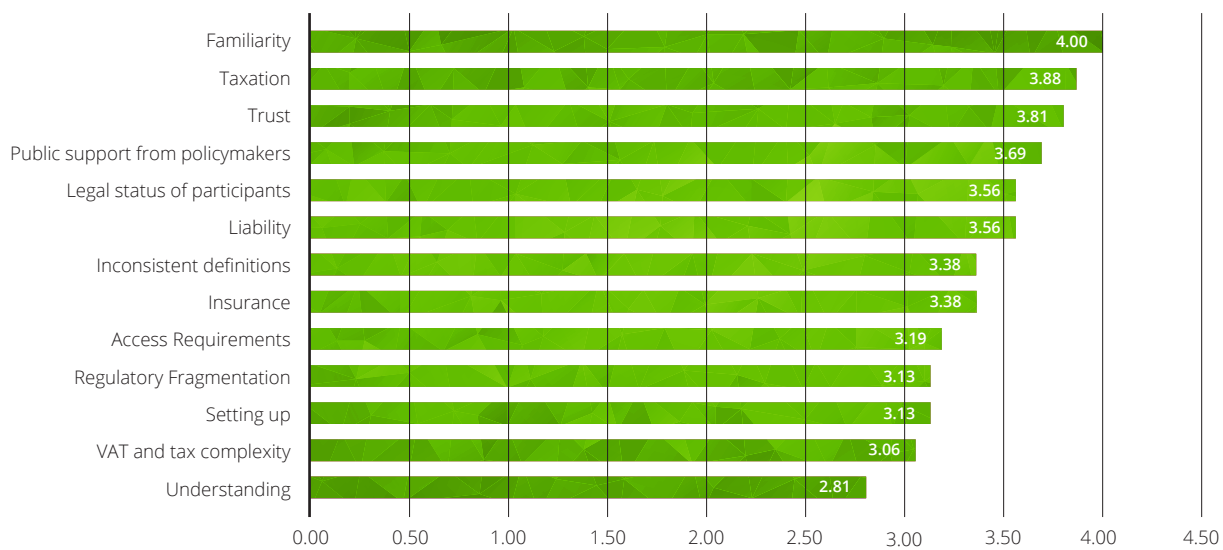
How can barriers to participation be removed in order to harness the economic and societal benefits of the collaborative economy in Europe?

Barriers to growth - what industry says

Between June and August, we polled our members and identified the following barriers to participation²⁰:

- **Familiarity:** Lack of familiarity and understanding of the collaborative economy
- **Taxation:** Complicated tax schemes for participants who offer products and services occasionally (as part-time, non-professionals)
- **Trust:** Lack of trust in the platforms or actors on the platform
- **Public support from policymakers:** Lack of public support from policymakers for the collaborative economy
- **Insurance:** Lack of insurance options and concern over disputes with regards to damage
- **Access requirements:** Market access requirements – eg quality standards, business authorisations and licensing requirements for provision of services
- **Regulatory fragmentation:** Regulatory fragmentation across Member States – eg variation in compliance requirements on consumer protection, company law and data protection.
- **Legal status of participants:** Lack of a legal status for participants - no differentiation between individual citizens providing products and services occasionally and professional providers
- **Liability:** Lack of clarity over liability issues
- **Inconsistent definitions:** Fragmented approach to classification of key terms such as traders vs consumers and professional vs non-professional service providers.
- **Setting up:** Administrative burdens of setting up as a sole trader
- **VAT and tax complexity:** VAT complexity and fragmented tax requirements across Member States
- **Understanding:** Lack of understanding of requirements for the provision of goods and services across different Member States and regions.

Members were asked to rank (from 0 - 5: 0 = no impact, 5 = significant impact) the barriers to participation on collaborative economy platforms in Europe. Results are summarised in the diagram below:



On average, the top three factors which our members identified as barriers to participation on platforms were:

- **Lack of familiarity and understanding** of the collaborative economy: 4.00/5.00
- **Complicated tax schemes** for participants who offer products and services on an occasional, flexible basis: 3.88/5.00
- **Lack of trust** in the platform or actors on the platform: 3.81/5.00

What can policymakers do to remove barriers to participation?

Our members are in agreement on a number of issues which policymakers should look at as a priority:

- **Review market access requirements at national level**, to ensure they are truly non-discriminatory and remain necessary only to attain a clearly identified public interest objectives.
- **Encourage Member States review, simplify and modernise market access requirements** and to **avoid fragmentation** of the Single Market.
- **Prioritise the creation of clear legal statuses for participants** in the collaborative economy - supporting the concept of thresholds for economic activity.
- **Prioritise facilitating tax payments** - develop easy-to-use tax processes and systems that make it simple for individuals to report and pay applicable income taxes.
- **Prioritise and support the development of insurance solutions** for collaborative economy activities.

Guest contribution - April Rinne: Sharing Economy Advisor and World Economic Forum Sharing Economy Expert

April is a collaborative economy expert and independent advisor focused on policy reform, cities, travel and tourism, emerging markets and sustainable development. She advises companies, governments, entrepreneurs, think tanks, investors and development banks and works across industries and business models. April is a Young Global Leader at the World Economic Forum where she founded the Sharing Economy Working Group and is a member of the Global Futures Council for the Future of Mobility and the Urbanization Advisory Group. She serves on China's National Sharing Economy Committee and the Advisory Boards for Seoul, Amsterdam and the National League of Cities. April holds a J.D. from Harvard Law School, an M.A. in International Finance from The Fletcher School, and a B.A. from Emory University. Prior in her career she was a strategic advisor to international microfinance and impact investing organizations, a corporate lawyer, and faculty at the International Development Law Organization.

A snapshot of the collaborative economy around the world

Europe

Amsterdam - a leading sharing city where both local and national governments are working together. In particular, it is home to the Green Deal - with governments promoting innovation in car sharing collaboration.

United Kingdom - a long standing leader in the collaborative economy, with government incentivisation through tax breaks. The UK independent sharing economy review remains the global gold standard of sharing.

Italy - The Italian Parliament has recently passed the first national 'sharing economy law' which includes amongst other provisions a universal tax platform tax incentive: a reduced rate of 10% tax on the first 10,000 euros income and a registry for collaborative economy companies.

Denmark - a rising leader to watch. Danish business authority have developed an integrated strategy which they will launch later this month. Broader engagement by governments in support of the collaborative economy is predicted across the Nordics.

North America

Policy innovation lags behind company innovation. At national level there is nothing close to the European Agenda for the development of the collaborative economy. A notable exception is the recent launch by the Internal Revenue Service (IRS) of a Sharing Economy Tax Centre. Apart from this, there appears to be little action of the Federal level.

There is more innovation on a city level. Portland, Dallas, Los Angeles and a range of other cities have integrated ride sharing data into public transport interfaces. When a person needs to travel, ride sharing shows up in the same way as public transport. This allows city level government to understand movement within cities, build better transport policy and alleviate demand on existing transport systems.

Asia

Seoul - has long been a leader in the collaborative economy, with the sharing city initiative established and growing in force since 2012.

China - the Chinese government has recently declared the sharing economy a national priority in its 5 year plan. This means that the sector will enjoy government funding, research and other support. They have also established a national Sharing Economy Commission. The Chinese government has projected that it anticipates that the sharing economy will contribute to 10% of its GDP by 2020.

India - the collaborative economy is in its early stages; but given its rapid population growth and its reliance on the delivering services through the informal sharing economy, rapid growth and government support is expected.

As a general rule: it seems that collaborative economy companies have been particularly proactive about thinking through policy challenges and outcomes. For example: Lyft - only expands into cities where they are invited to operate, Airbnb - actively tackles issues of affordable housing and TaskRabbit - has updated its business model to ensure service providers earn better than minimum wage.

Policy best practice around the world and a role for policymakers

Consider how the collaborative economy can be harnessed to meet broader policy objectives

Singapore for example has transitioned from a developing country to one of the world's most wealthy and productive nations in under two generations. Key to this achievement has been developing a future strategy which focused on trade, investment and developing a pro-business approach. Estonia has championed paperless government - 99% of transactions are done digitally and it enjoys the highest percentage of successfully exited entrepreneurs. Policymakers are encouraged to think creatively about how the collaborative economy can support these wider objectives.

Walk the talk

Seoul has been a champion in this sense and has clearly put its money where its mouth is. The city has been expert at applying collaborative economy principles to government operations and incentivising everyone to get involved. The Seoul Metropolitan Government, for example, has 57 collaborative economy initiatives focused on community benefit. The City Government has built a platform for government spaces to be used collaboratively and over 200,000 groups have used this in less than a year. Seoul's Transportation Plan for 2030 envisions the elimination of private car ownership, so any car will be shared and not owned.

Base policy making on data

The approach of Portland provides many lessons. For four months restrictions on taxi companies and platforms were removed, allowing them to operate freely. Based on this, policy was formulated based on performance. Once restrictions were lifted, conditions were set to meet public policy needs, for example, around hours of service, serving neighbourhoods equally, disability access. Traditional services and platforms collaborated and were harnessed to meet public service demand; and consumer responses to services also improved.

The Seoul Metropolitan Government has 57 collaborative economy initiatives focused on community benefit.

Levelling the playing field

Policymakers are faced with two options: to increase rules on new entrants or decrease rules for incumbents. Experience has shown that it is easier, cheaper and more effective to start by scraping and eliminating rules which are not fit for purpose. The best examples demonstrate a mindset shift which embraces the collaborative economy in helping solve goals and then sets light weight regulations; neither caving in or ignoring incumbent interests but co-creating regulation which works for governments and platforms. Conversely, when new rules are created, there must be a clear and viable enforcement plan in place - San Francisco developments present a clear example of how not to formulate policy.

Legitimacy

Policymakers have a clear role in sending a signal that collaborative economy models are here to stay and supporting consumers in trying new products and services. China's legislation legitimising ridesharing at the national level provided a strong signal that they were open for collaborative economy business and has been a key factor in subsequent investment and deals in the sector. Support of policymakers in undertaking widespread education and awareness building is critical. In Seoul, the collaborative economy is part of the school curriculum, providing an important signal to citizens of the role of the sector. The city has built a 'share hub' public information portal to make it easy for people to understand what is available and what is possible. For users, the Finance Minister has developed education materials which walk through taxation around homesharing. Authorities in Canada and US have signed tax remittances with Airbnb, further providing a strong signal of legitimacy.

Pay attention to what is happening at the fringe

Innovation is occurring from platforms. Samara developed by Airbnb blends design, community led innovation and part technology research and is set to be a great source of policy insights. Platform co-operatives offer new thinking about legal structure - and promise legal and governance structures which enable more equitable ownership of platforms. These developments should be watched by policymakers - tomorrow's policy solutions often show up around the edges.

Policymakers have a clear role in sending a signal that collaborative economy models are here to stay and supporting consumers in trying new products and services.

SPONSOR SPEAKER: ZURICH INSURANCE COMPANY LTD

James Moffatt, Head of Customer & Basis Tech Discovery



Dr. James Moffatt is the Head of Customer Technology Discovery for the Zurich Technology Hub. The Technology Hub is a business function that supports innovation and technology implementation in Insurance. Dr. Moffatt is responsible for identifying technology trends relevant to insurance, particularly as they impact the interaction between customers and insurance. Dr. Moffatt has worked in insurance for more than 10 years, focusing on strategies for retail insurance, particularly in European Markets, with a particular focus on Telematics, Self-Driving Vehicles and Digital channels optimization.

About Zurich Insurance?

Zurich is a leading multi-line insurer that serves its customers in global and local markets. With about 55,000 employees, it provides a wide range of general insurance and life insurance products and services. Zurich's customers include individuals, small businesses, and mid-sized and large companies, including multinational corporations, in more than 170 countries. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872.

How is participation supported and what are the policy challenges?

Inherent in the commercial activities of collaborative companies are a wave of risks, which potentially leave users vulnerable on the question of coverage, not least because of a lack of products from insurers which are fit for purpose and appropriate to the risk being underwritten. Personal and commercial lines offered by traditional insurers are simply not underwritten or priced to cover the risks associated with car-sharing and P2P accommodation, where people are swapping between personal and commercial use of personal assets. The algorithms applied in standard pricing models are calculated on the basis of assumptions of the insured driver or homeowner, not the risk profiles of passengers and guests.

Zurich sees the collaborative economy as a growth space and is looking at how to bridge the gaps between personal and commercial coverage. Insurance is central to confidence in the collaborative economy and it is therefore a critical enabler.

Clearly, there is enormous yet unexploited potential within the collaborative economy for insurers. Most examples of sharing, eg accommodation, cars, household goods - are easy to price, and yet there is a challenge in creating products to offer into market places and which can be easily used in the European Union. This will, therefore, require a new approach to meet the dynamic needs and changing behaviours of a millennial generation which shares and manages risks in new and innovative ways.

Creating insurance solutions to help people move past these barriers is actually quite problematic. There are many things which can be done to encourage insurance solutions in the collaborative economy. Key areas in which policymakers will helpfully focus attention on are addressing complexity and difficulty in products' ability to cross international boundaries and genuinely operate equally across borders; addressing clarity over regulation; addressing clarity on how to create transferable and portable insurance solutions.

Chris Sherwood, Head of Public Policy, OLX/Allegro Group

Chris Sherwood joined the Allegro Group in 2013 as Head of Public Policy. He is the first permanent Brussels public policy professional to be employed by a European Internet company. He has responsibility for all of the Allegro Group's public policy issues. Chris previously worked for Yahoo! as Director for Public Policy, and at the US Department of Commerce at the US Mission to the EU, where he worked on ICT sector-related issues, including privacy and environmental rules. He has also been a public affairs consultant in Brussels and an IT systems implementation consultant.

About OLX/Allegro Group

OLX is the world's leading classifieds platform, with a presence in more than 40 countries around the globe. OLX customers can browse classified adverts in their local language, attracting more than 260 million unique monthly users and 19 billion monthly page views. The Allegro Group operates the leading Central and East European online marketplaces. Allegro also represents affiliates, which are the leading Central and East European e-retail, comparison shopping, online classified ads, and e-payments businesses.

How is participation supported?

There is tremendous value for different demographics in C2C commerce and the collaborative economy is supporting a diverse demographic of citizens across Europe. In Poland, data suggests that the collaborative economy is supporting hard to reach groups and providing a valuable income for those in the regions. Data suggests that collaborative economy participation is most popular in small, rural locations versus medium sized towns. Data also shows that the young (13-18 year old group users) are much more likely to be sellers as well as buyers than older people. Data also shows that women are increasing engaging in C2C commerce - the collaborative economy therefore provides an important source of empowerment for women to sell goods.

What are the policy challenges and how can policymakers help?

- Government classification of services as a form of mass media - this needs to be addressed.
- Challenges around data protection, consent for cookies, rules about data analytics across countries on how users have used the platforms, all inhibit innovation. The EU is strongly urged to relax the rules around Cookies as they do not add value for consumers and continue with protection of liability for responsible platforms.
- Think digital first - policy makers are encouraged to always consider how a piece of legislation can stimulate the digital economy
- Role of policymakers in providing legitimacy - many governments do not understand the collaborative economy: how it works, how revenues are derived and what the benefits are. There is a strong need for EU policymakers to push this agenda and encourage support of the collaborative economy across Member States.

CASE STUDY TWO

Patrick Robinson, Head of Public Policy, Airbnb



Patrick Robinson is Head of Public Policy for Airbnb in EMEA and Canada. Based in London, he leads a team of public affairs professionals who work with cities to open the door for new forms of tourism and educate policymakers about the huge potential of the “sharing economy” for sustainable economic and cultural growth. Patrick joined Airbnb after several years at Yahoo, most recently as Director of the company’s innovative global business and human rights programme, which leads the company’s efforts to protect and promote online free expression and privacy for its 800 million users worldwide. He has previously had senior roles with the Virgin Group’s UK television business and the British Broadcasting Corporation, including two-and-a-half years living and working in Sarajevo on a project to establish public service broadcasting in post-conflict Bosnia and Herzegovina.

What is Airbnb?

Founded in 2008, Airbnb is a trusted community marketplace for people to list, discover and book unique accommodation around the world online. Airbnb connects people to unique travel experiences, at any price point, in more than 34,000 cities and more than 190 countries. With a growing community of users, Airbnb allows people to monetise their extra space and showcase it to an audience of millions.

Highlights of the social and economic benefits which Airbnb brings

Airbnb allows users to experience things and people in new ways. Data on users suggests Airbnb is spreading the benefits of tourism beyond traditional tourist areas, bringing with it significant economic benefits to these areas. For example, in Dublin, the average guest spends 865 euros, the lion’s share of which stays in the local neighbourhood. 83% of those offering accommodation on their platform are people who live in their home for all or part of the year - not professional businesses trying to reach new consumers. A similar pattern is seen in London where the platform is driving tourism outside of traditional tourist districts to the outer districts. This demonstrates the ability of peer to peer platforms to drive benefits across cities.

Platforms like airbnb have the potential to make a dramatic impact in driving tourism. This is clearly demonstrated in France. Tourism makes up for 9% of French GDP; following terrorist attacks, visitors numbers have dramatically decreased. Airbnb is using the power of the community to drive up tourist numbers. For example, they have recently launched a 10 month long competition aiming to showcase the best of France, promoting and pushing on social media. This demonstrates how peer to peer platforms can drive material benefits to complement the work being undertaken by traditional industry.

How policymakers can support participation on peer to peer platforms?

Methods for regulating businesses are well established, regulating real people using traditional regulatory levers is more challenging. The majority of hosts are ordinary Europeans looking to generate additional income for themselves. In Paris, for example, a typical Airbnb host rents their home out for 26 nights a year and makes 2000 euros. A host in Amsterdam, rent their home out for 20 nights a year, and makes 3800 euros. How can policymakers support participation?

Taxation - It is crucial that policymakers help to ensure that participants are able to comply with their obligations. Tax emerges as a top issues in the EUCoLab survey as a barrier to participation. This involves exploring simpler tax reporting and working with platforms encourage them to build-in the ability for participants to report into their systems. Given that platforms are frequently cashless businesses, there is a clear need for proper discussion and reflection about how to build systems which support participant compliance and enable participants to move from traditionally grey to white markets. This should be seen as an opportunity rather than threat. Policymakers should look to support platform initiatives around tax collection. Airbnb for example has reached an agreement to collect taxes in Amsterdam, Lisbon and 10 of the largest French cities, and is in conversations around Europe to collect and remit occupancy taxes.

There is also a role for policymakers in ensuring that participants are clear about their obligations. Policymakers must ensure that tax information is simple, accessible and development in partnership with those that understand users. The Danish Government, for example, has developed a page on their website with information about short term rental income. Similar developments are taking place in Norway, UK, US and Australia. In all of these examples, simplification is

crucial: the simpler the requirements, the higher the compliance levels. The role of platforms in making it easier for participants to submit their tax information should be considered by policymakers and such examples of best practice should be monitored. Creating a Digital Single Gateway in each Member State, for example, would allow collaborative economy platforms to ensure that participants can easily and quickly access the information and procedures they need.

Insurance - support of policymakers in removing fragmentation around insurance is seen as crucial. If participants feel that they are taking too much risk to justify participation, then current and potential participants will lose faith in platforms' value proposition. The creation of bespoke collaborative economy insurance options will be crucial in developing industry and encouraging widespread uptake. However, this must be available across markets. Currently, Airbnb offers a guarantee for users up to 800,000 euros, in addition to any insurance products which hosts may utilise. Additionally, Airbnb provides host liability insurance, offering coverage of up to 800,000 euros; however, this has rolled to 15 countries as the product needs to be rolled out on a market by market basis.

Fragmentation - there is a large degree of fragmentation across Member States requiring hosts to comply with varying rules, smoke and carbon dioxide detectors. Basic guidance is provided and partnerships have been rolled out with fire services to help support roll out of detectors. Airbnb aims to collate relevant information on rules for hosts, provides checklists for hosts to indicate that they have read and understood their responsibilities and links to relevant government websites. However, there is a role for policymakers to make regulations simple and clear to make it easy for participants to comply - the ShareHub in Korea, provides a useful example of when this is done well.

CASE STUDY THREE

Hans Ober, CEO, TicketSwap



Hans Ober came up with the idea of TicketSwap during his Master International Management in Amsterdam. With only experience in car sales and investment advice, he was always very interested in entrepreneurship and the power of internet. After launching the platform with two partners, TicketSwap was a side project at first, but that quickly switched roles with his study. In 2014 Hans received 2 prestigious Student entrepreneurship awards. After finishing his Masters degree last year, this year he is nominated for the prize of Leading Online Entrepreneur of the Year talent awards.

About TicketSwap

Located in Amsterdam, TicketSwap is a platform where people can buy and sell second hand tickets. So it is a true fan to fan marketplace, where you can sell your concert, theater, festival, sports and all other kinds of tickets for a fair price, safe and easy. TicketSwap has partnerships with major organizers, venues and ticketing providers to create the best and safest secondary ticketing platform without hurting the organizers or fans.

How does the platform support participation on the platform?

TicketSwap aims to make it easy and simple to sell tickets and reach new people across Europe. The platform aims to create a community. The majority of users are between 18 and 25 years old, though this is beginning to change in the last few years to older people, as early adopters encourage parents and other family members to use the platform.

The platform deliberately prevents participants from making a business from ticket sales by limiting prices at 120% of the tickets face value. It also provides a number of safety checks to ensure that buyers and users are protected and encouraged to participate. It does this by through a number of mechanisms. This includes checking the ticket - robust systems of validation, such as verification to ensure tickets have not been photoshopped, connecting with ticket companies to validate tickets and mechanisms to re-issue tickets through SecureSwap. Additionally, buyers are also able to check the seller through their social profile. On top of this, the platform holds the seller's phone number and bank details; thereby providing an added measure of safety and reassurance that the seller is who they say they are and that tickets are genuine.

What are the barriers to participation and growth of the platform?

Many countries have their own sets of rules about secondary ticketing. Belgium, for example, introduced a law for people to resell occasionally and with a limited price of 100%. Additionally, the platform is prohibited from taking a small cut. Consumer organisations were against this as it limited consumer choice and it is clear that this does not work for consumers or those trying to legitimately sell surplus goods. Other jurisdictions place similar restrictions on re-sale of tickets. In France, resale of tickets is limited to 100% of the purchase price, whilst in Holland the limit is placed at 120%. In the UK, re-selling of tickets of certain activities is also restricted - eg for football. Such restrictions limit the market and unnecessarily restrict the ability of the market to determine the price. Additionally, there is a lack of enforcement action against those who infringe, which compromises the efficacy of the restriction.

Setting up and operating across Member States

Continued fragmentation across borders deters platforms from setting up and operating across borders. Different sets of rules on company law, data protection and copyright pose a significant barrier to growth. Additionally, fragmented rules in Europe on how platforms handle consumer money, also create difficulty and complicate processes. Crucially, for every country which does not use the Euro, local bank accounts need to be opened, along with a foreign transaction charge. This is particularly problematic given the relatively small margins of each transaction. The fragmented processes and thresholds for setting of bank accounts means this process can take several months, thereby limiting the platforms ability to trade across borders.

CASE STUDY FOUR

Pascal Ontijd, Co-Founder, SnappCar



Pascal Ontijd is Founder of SnappCar - a leading European peer-to-peer carsharing community, riding the wave of collaborative consumption. Pascal is a strong advocate for a more social, sustainable and cheaper alternative for transportation. Previously he was a Marketeer at Heineken and Strategist for DSM.

About SnappCar

SnappCar is a peer to peer carsharing community in Europe; currently operating in The Netherlands, Sweden and Denmark. SnappCar provides a full-service solution for sharing private cars, ranging from matching cars and drivers to payment and insurance. SnappCar aims to decrease the total number of cars in Europe by sharing cars already own. It is a social, sustainable and cheaper solution for transportation.

Highlights of the social and economic benefits which SnappCar brings

Environmental impact - There are over 250 million cars in Europe, producing millions of tonnes of CO₂ and consuming resources in production. Car sharing provides an environmentally friendly alternative to mobility, complementing existing solutions such as public transportation as well as private ownership.

Social impact - The platform is first and foremost a social enterprise. Its model is highly localised, bringing neighbours together - neighbour to neighbour transactions show a high frequency of use. 1 in 5 platform users now also meet outside of the SnappCar transaction. This community has grown relatively fast, with 25,000 cars being shared across Europe. The platform offers clear benefits in terms of countering community fragmentation and isolation created by urbanisation, by bringing like minded people and neighbours together.

Economic impact - For most people, it makes sense to share car. The platform allows car sharers to set their own price, hours of availability and determine to who to rent it out. The platform has to date saved over 10 million euros within the community, by allowing car owners to rent out their car and providing renters with a cheaper transport solution.

What are the challenges to participation and growth of SnappCar?

Legitimacy and changing behaviour - when SnappCar started in 2011, there was no collaborative economy. The recent growth in the European collaborative economy, makes development a lot easier. The platform is currently in talks with Danish and Swedish Governments regarding the introduction of favourable tax benefits to support participation. There is a strong role for policymakers to endorse and bring legitimacy to the sector, to encourage Europeans to change their mindsets and behaviours in utilising new platforms.

Co-operation with the public sector - There is a clear role for the platform in complementing existing public transport - eg train and bus services. Funding which encourages innovation and supports intermodalities, allowing these services to connect with each other is fundamental to integration of car sharing services. Partnerships in Member States which unlock government data and integrate with collaborative economy companies would go a long way to unlocking innovation and growth in the sector.

Partnerships - Engagement and support from Member States and local governments to work with collaborative economy platforms to tackle social challenges (carbon emissions, congestion, waste and service inefficiency) would provide a powerful signal to the public and investors. There is also a role for joint research and partnerships to properly understand and assess the impacts of platforms in addressing these challenges. Embracing platforms which encourage sustainable approaches and supporting social enterprises - perhaps with different legal status' or tax incentives; would further encourage growth and greater benefits.

Summary of discussion points

In order for Europeans to fully embrace the benefits of offering their services in the collaborative economy, the discussion focused on a number of challenges which should be addressed. These include:

Barriers to cross border trade:

- Currently, only 7% of EU SMEs operate across borders, as the costs of understanding and adapting to national laws are extensive. It was felt by industry that even though setting up a website to trade across Europe is relatively simple, variations in legislation and regulation across marketplaces stop supply markets from functioning uniformly.
- Technical and regulatory fragmentation across borders deter participants from operating across borders - 28 different sets of rules on things such as copyright, consumer protection, company law and data protection pose a significant barrier to participation. Start ups do not have legal support to navigate differences in legislation between Member States on issues such as privacy, cookies, payments; and frequently requires adaption of the product. This takes time and money which cash strapped start ups do not have and is a major disincentive to trading across borders.

Providing a strong market signal

- It was agreed that policymakers have an important role in giving participants and entrepreneurs a fair chance to get going. Venture capitalism is an important source of finance for platform growth and scale up. When deciding whether to invest, future regulations and statements from policymakers on support for the collaborative economy are critical.

Developing vs updating regulation

- It was agreed that proper application of existing regulations is preferable to additional regulation. The Services Directive and proper application of the E-Commerce Directive provide a sufficient regulatory framework to manage risk and protect consumers. When considering regulation, policymakers should be mindful of the need to be flexible and adaptive in a rapidly developing sector.
- Policymakers highlighted the body of EU law which is aimed at protecting the expansion of businesses across borders. The E-Commerce Directive prohibits requirements on companies who provide information services to be subject to additional requirements. Policymakers can helpfully focus efforts on ensuring Member States justify any restrictions and why existing laws are applicable.

Enforcement and market access:

- Industry was agreed on the need for policymakers to encourage Member States to review market access requirements (e.g such as licensing regimes) at national level, to ensure they are truly non-discriminatory and remain necessary only to attain clearly identified public interest objectives. European policymakers were strongly urged to do all they could to encourage Member States to review whether the objectives pursued in current legislation remain valid, simplify and modernise market access requirements and to avoid fragmentation of the Single Market (both for our platforms and traditional service providers). In this sense, the Commission's Communication was strongly welcomed.
- Policymakers acknowledged that they do not have the jurisdiction at European level to force Member States to repeal laws at local and municipal level, which are national competencies. It was felt, however, that there is a role for policymakers to encourage Member States to step in when municipal governments impose liabilities or act unfairly. It was felt that the Commission could add real value by getting national governments to act on this.
- Industry was agreed that where service providers are required to obtain authorisations on the basis of national law, conditions to obtain them must remain clear, proportionate and objective. Where this is not the case, the role of policymakers in using enforcement tools for Member States to ensure that marketplaces operate uniformly is crucial.

Industry was agreed that where service providers are required to obtain authorisations on the basis of national law, conditions to obtain them must remain clear, proportionate and objective.

Differentiating between platforms and participants

- Industry was agreed on the need for a clear distinction between B2B and C2C categories and will support policymakers in developing this distinction. It was broadly agreed that there was a clear need for the creation of legal statuses for participants who use collaborative economy platforms to complement their income and formal businesses. The concept of thresholds under which economic activity may be considered professional or non-professional may provide a way to do this.
- The view from industry was that platforms do not – in the main – represent professionals but private citizens who are now involved in activities that have significant scale and impact in aggregate. There was a broad consensus on the need for appropriate differentiation between those who use platforms professionally and those who only use them occasionally to make some extra money. In order to promote entrepreneurialism and support participants, policymakers should avoid fragmentation of regulations (and consider whether regulations applying to traditional industry are appropriate for micro entrepreneurs e.g. licensing requirements, professional tourism regulations). It was agreed that where Member States react hastily and in a fragmented way, there is a strong case for European policymakers to intervene.
- Industry was agreed on the need for proportionate regulation for people sharing their goods and offering their services. This includes the implementation of tax systems and regulatory requirements which are different for occasional participants and professionals. Participants also highlighted the need for prioritisation of facilitating tax payments - developing easy-to-use tax processes and systems that make it simple for individuals to report and pay applicable income taxes.

In order to promote entrepreneurialism and support participants, policymakers should avoid fragmentation of regulations

References

1. <http://eucolab.org/our-work/>
2. http://ec.europa.eu/growth/single-market/strategy/collaborative-economy_en
3. http://ec.europa.eu/growth/single-market/strategy/collaborative-economy_en
4. <http://www.web-strategist.com/blog/category/collaborative-economy/>
5. <http://www.web-strategist.com/blog/category/collaborative-economy/>
6. https://ec.europa.eu/commission/2014-2019/bienkowska/announcements/opportunities-innovative-business-models-eu-single-market_en
7. <http://ec.europa.eu/DocsRoom/documents/16955/attachments/1/translations>
8. http://ec.europa.eu/eurostat/statistics-explained/index.php/Underemployment_and_potential_additional_labour_force_statistics
9. https://www.economics.com/ing_international_surveys/sharing_economy_2015/
10. https://www.economics.com/ing_international_surveys/sharing_economy_2015/
11. https://www.nesta.org.uk/sites/default/files/making_sense_of_the_uk_collaborative_economy_14.pdf
12. <https://www.pwc.com/us/en/technology/publications/assets/pwc-consumer-intelligence-series-the-sharing-economy.pdf>
13. https://www.nesta.org.uk/sites/default/files/making_sense_of_the_uk_collaborative_economy_14.pdf
14. <http://www.nesta.org.uk/blog/innovation-lab-sharing-economy>
15. https://www.nesta.org.uk/sites/default/files/making_sense_of_the_uk_collaborative_economy_14.pdf
16. <http://www.forbes.com/sites/tomiogeron/2013/01/23/airbnb-and-the-unstoppable-rise-of-the-share-economy/#71d9c8446790>
17. https://www.ing.com/Newsroom/All-news/European-sharing-economy-to-grow-by-a-third-in-the-next-12-months.htm?utm_source=twitter&utm_medium=twitter&utm_campaign=newsroom
18. <http://ec.europa.eu/DocsRoom/documents/16952/attachments/1/translations/en/renditions/native>
19. https://www.ing.com/Newsroom/All-news/European-sharing-economy-to-grow-by-a-third-in-the-next-12-months.htm?utm_source=twitter&utm_medium=twitter&utm_campaign=newsroom
20. The full EUCoLab Industry Views Report 2016, can be accessed here:
http://eucolab.org/wp-content/uploads/2016/09/Industry-views-survey_FINAL_SCREEN.pdf



EUCoLab Roundtable Five:
**Meeting demand &
achieving sustainability**
7th September 2016, Brussels



EUCoLab Roundtable Five

Meeting demand & achieving sustainability

Based on an introductory presentation by Pieter Van De Glind, Founder of ShareNL

The potential of collaborative economy in achieving sustainability

The collaborative economy offers a route to increased sustainability, resilience, optimisation of the transport of goods and increased efficiency of resource consuming goods. Already, places such as Amsterdam, Barcelona and Milan are winning international recognition for leading thought on the idea of “sharing cities”. Below are some examples of the value that collaborative economy platforms bring:

Making household goods go further:

- “Shareable” goods account for about a quarter of household expenditure and a third of household waste. If sharing models could be operated under the most favourable conditions, savings of up to 7% in the household budget and 20% in terms of waste could be achieved²¹.
- There are 80 million power drills in the US that are used an average of 13 minutes. But an average power drill has a lifetime of about 160 operational hours. So the average drill gets used a mere 00.1% of its potential lifespan!²²

Greener cities - Seoul - a leading sharing city:

- Seoul is short of 15,000 rooms compared to the number of travelers. The Government has actively supported and rolled out a home stay programme. It is estimated that for every 1000 households participating in the home-stay program, the need to build 20 new hotels with 50 rooms each is removed²³.
- The Government is also encouraging the use of shared parking. Estimates suggest that if 5% of resident-only parking lots are shared, that would be the equivalent to building new parking spaces for 1,862 cars, thereby saving 200 million euros²⁴.

Value to communities:

- The collaborative economy offers a route to increased sustainability, resilience, optimisation of the transport of goods and increased efficiency of resource consuming goods. “Shareable” goods account for about a quarter of household expenditure and a third of household waste.
- If sharing models could be operated under the most favourable conditions, savings of up to 7% in the household budget and 20% in terms of waste could be achieved.

Pieter van de Glind is a co-founder of shareNL, the Dutch agency for the collaborative (sharing) economy. He graduated from Utrecht University on the consumer potential of collaborative consumption. His research findings have been presented and applied in the Netherlands and abroad. Van de Glind is a frequent speaker and author of 'SHARE'. He is an advisor to companies from several different industries, but also ministries, cities, the EU and international organizations such as the OECD, all on the topic of the collaborative and sharing economy.

What does best practice at city level look like?

ShareNL research suggests that 84% of people in Amsterdam are willing to use collaborative economy services. The city has developed a range of innovative responses to support the development of the sector. ShareNL research projects have resulted in the Dutch government adopting a proactive approach by allowing collaborative economy platforms as much room as possible to develop in an effort to facilitate further development. The Industry of Economic Affairs has also opened up 'The Right to Challenge' - this is where entrepreneurs are encouraged to share challenges and identify barriers to growth; and policymakers work to remove these obstacles. Additionally, the Amsterdam Economic Board - supported by a range of stakeholders (30 startups, banks, insurers) has committed to improving the city through supporting collaborative economy services and formulating answers to issues being faced by the collaborative economy. The city council of Amsterdam has developed a Sharing City Plan focused on monitoring and seizing opportunities for platforms to be integrated into the city. Sharing city initiatives flow through all government silos and there is strong focus from policymakers on how sharing economy platforms can help meet future service demands of the population.

ShareNL research suggests that 84% of people in Amsterdam are willing to use collaborative economy services.

What is ShareNL doing to support the development of the collaborative economy?

ShareNL was set up out of the belief in the opportunities that the collaborative economy offers, and at the same time recognising that the sector is still in its infancy. In addition to the opportunities, ShareNL acknowledges the challenges. It set out to address these challenges in a variety of ways so as to develop the sector to full maturity, these include:

Green Deal Carsharing: The Green Carsharing Deal is an agreement between a broad coalition of 30 providers of car sharing, leasing companies, insurance companies, municipalities, businesses, interest groups as well as the national government, to join forces with the aim to expand the car sharing concept and implementation. The goal of the project is to increase car sharing to 100,000 cars by the year of 2018 as well as to increase the usage of underutilised car parts. The proposition is an agreement that entails increasing awareness of car sharing; building and sharing of knowledge and data; establishing pilot projects and further up-scaling car sharing; and building towards a long-term umbrella partnership in order to utilize each others' knowledge and experience in coordinating pilot projects.

Collaborative and Sharing Economy Research Library: The Collaborative and Sharing Economy Research Library initiative was undertaken due to the lack of access to evidence and studies that explore and measure social, environmental and economical impact of the collaborative economy. The mission is to curate and share high-quality research through the library, making it easy for people to find unbiased and useful studies that will inspire innovation and push public discourse on the collaborative and sharing economy.

The Sharing City Lab: Founded by the two cities Seoul and Amsterdam, who are pioneers in developing the collaborative economy at city level. The purpose of the Sharing City Lab is to: collaboratively develop the collaborative economy with the world's leading cities, to solve urban challenges and to optimize the quality of life for all citizens. This goal is achieved through: sharing experiences and best practices from sharing cities around the world through its website²⁵; sharing monthly news updates; hosting events and customizing consulting services for local governments, companies and other organizations.

Amsterdam Sharing City: Founded in 2013 by Pieter van de Glind and Harmen van Sprang, Amsterdam Sharing City is the first named Sharing City in Europe. The purpose of Amsterdam Sharing City is to, as a city, utilise the opportunities that the collaborative economy offers in the areas of sustainability, social cohesion and economy. Additionally, the project aims to formulate answers to the challenges that the rapidly growing phenomenon of the collaborative economy entails.

Ari Kestin

CEO and Founder, Nimber



Ari Kestin is an entrepreneur, whose leadership is driven by the creation of value and values. A life long entrepreneur and intrapreneur, Ari is the CEO of Nimber, a company launched in Norway in 2013. He is the co-founder of Swiss based Silver Lining Management Consulting. Prior to that, he was President of Infinite Conferencing, part of the Onstream Media Group. Before this he held a number of senior roles including Managing Director of Narrowstep; Director of Corporate Development at b+w Electronic Systems and Director of EMEA Business Development of Peco II (now GE Energy) and Managing Director of NETnet. He is a graduate of Duke University in the United States.

About Nimber

Nimber - founded in Norway two years ago - is a community delivery service, matching people with an item to send with someone else going the same way. In creating a community solution Nimber has made delivery more convenient, cost-effective, personal, and most of all, more sustainable. With 5 million people in Norway, 1% of the population is engaged on the platform, of which, 70% has sent something. 90% of whom would send an item again.

The opportunity

There is a 12 million dollar market in moving goods in Europe. As existing incumbents struggle to keep up the growing demand of the market (spurred on by e commerce activity), it is clear that the future of the logistics is increasingly decentralised. By matching those who would like something delivered with people who are going that way, Nimber creates additional capacity for delivery in a more efficient way. Not only does the platform improve postal efficiency; it also provides a personalised experience, which complements existing industry.

For the consumer, it has several advantages - there are no thresholds for the cost of goods, more personalised service with added convenience, no limitations or additional costs of size and etc. and less additional packaging to buy or dispose. From an environmental perspective, it also means fewer cars or delivery vans on the roads. Costs relating to parcel delivery are not proportionate to service costs - and this provides a clear gap for new entrants to enter. Consumer satisfaction is high - as indicated by the Net Promoter Score.

The 'bringers' also benefit: occasional bringers get to reduce the cost of their travel, whilst independent drivers get access to a large marketplace which they would otherwise find costly to access.

Policy challenges

Platforms are solving problems and providing great solutions to meeting consumer demand - policymakers should embrace platforms which provide an improved alternative to traditional service providers. However, there are a number of policy barriers:

1. People have been doing sharing economy for a long time. There is a clear role for policymakers to promote the collaborative economy through open support, procurement and education.
2. A need to incentivise the collaborative economy - policymakers are encouraged to look to best practice in the UK, such as £1000 tax free income thresholds for collaborative economy services.
3. There is a need for greater clarity of definitions - for example, what constitutes profit or a definition of quasi commercial activity allowing for expenditure (fuel etc) be offset against income from collaborative economy service.
4. The emergence of incumbent anti-competitive behaviour – some of whom are beginning to understand that these new technologies are challenging traditional industry and threatening their business models - needs also to be addressed.
5. Other barriers include: regulatory fragmentation, lack of clarity over taxation (how revenue and income is defined), insurance and licensing which differs across Member States, and variation as to what happens when parcels are delivered across borders between two non-commercial identities between European and non-European countries.

CASE STUDY TWO

Michael Bugaj CEO and Founder, Meploy



Michael Bugaj is a Swedish serial entrepreneur based in Copenhagen, aiming to reduce global youth unemployment through a flexible job market and reducing the potential risk of mass-unemployment caused by the growing transition to automation and AI.

About Meploy

Based in Copenhagen, Meploy, the flexible job market, was founded in 2015 as an effort to reduce youth unemployment in Europe and help young adults to find any type of job they want, whenever they want, and wherever they are. At Meploy, companies and private persons can easily and fast hire skilled persons or freelancers between one and seven hours at a fixed hourly price, to complete urgent, unexpected or unwanted tasks at hand. Meploy's vision is to create a culture where work is co-created within the community, and where we help each other. Simply put, make work work for everyone.

The Opportunity

The vision of Meploy is simple: to connect people with other people and companies looking for jobs to be done. The value of this is huge: in Europe, the youth unemployment rate is 20%. There are thousands of skilled, educated Europeans who are eager to work. With the development of AI and the ensuing changes in the job market, this number is set to rise as the market retracts. Research suggests that 31% of the Danish workforce will not have the same job in a few years time. Clearly, there is a shift in the way Generation Y perceives jobs and a career. Meploy presents them with a tool to navigate this changing market.

Meploy connects those looking for work with any type of job which does not require a license. They are permitted to be hired for no more than 7 hours at a time and at a fixed price of c.18 EUR per hour. This is above the minimum wage, and in place to avoid a race to the bottom. The majority of jobs listed are one off outstanding jobs that the poster needs help with. In this sense, the platform formalises odd jobs which traditionally took place in the grey market. With Meploy, every transaction performed between peers, is traceable; and Meploy is willing to fully co-operate with tax authorities to ensure providers are in compliance with taxation requirements.

Users create their own page, build their online reputation through community reviews, rewards and verification systems. The platform is of particular benefit to those looking for more flexible work - students, parents and those looking to supplement their income. Interestingly, feedback from users suggests that additional income is not the main reason for using the platform, and that the sense of community is also a significant benefit.

Policy challenges

1. There is a clear role for policymakers to promote the collaborative economy through open support, procurement and education. The platform has been challenging resistance from Unions.
2. Local regulation and fragmentation of the market prohibit scale up - especially where cities in the same Member State (in addition to differences between Member States) create costly barriers to rolling out and scaling up. Greater co-operation from local municipalities is to be encouraged. The insecurity around regulatory developments also adds to market uncertainty and reduces the ability and confidence of platforms to expand.
3. A new status for workers - there is a need for a new status of employment income which is transitory and for a few hours a week. In many Member States, any income at all precludes the user from access to welfare and insurance. This disincentivises participation and deprives users of developing new skills and experiences.
4. Working with tax authorities - compliance with tax requirements is complicated. Given that transactions are fully traceable on platforms, there is a need to work closely with tax authorities to help participants understand and comply with their tax responsibilities.

CASE STUDY THREE

Fabian Ladda

Public Policy Associate, Uber

UBER

Fabian joined Uber one and a half years ago from the European Parliament where he was the Head of the Office of German MEP, Elmar Brok. Prior to this, he worked in the private sector at various public affairs consultancies in Brussels and Berlin.

About Uber

Uber's mission is to make transportation as reliable as running water – everywhere, for everyone. We started in 2009 to solve a simple problem – how do you get a ride at the touch of a button? Six years and over two billion trips later, we've started tackling an even greater challenge: reducing congestion and pollution in our cities by getting more people into fewer cars.

The Opportunity

Uber has the potential to play a significant role in making cities less congested and meeting the growing service demands of human transportation. There are over 1 billion cars in the world - 1% of GDP is lost to congestion; a third of land in some cities is used exclusively for cars; whilst private ownership comes at a significant time and production cost. Additionally, cars are responsible for 12% of Co2 emissions in Europe - this remains the only sector where Co2 emissions are rising. Uber provides one solution to reduce the environmental impact, efficiency and cost of human transportation.

Users typically use Uber to go to work or return home - in London suburbs during rush hour, 30% of all trips start or end at the Metro. This is particularly the case in communities where there is inadequate public transport. In this sense, Uber is used as a complement to existing public transport systems.

More than 40% of all trips in San Francisco are already pooled via uberPOOL, cutting the cost of a ride, whilst also taking cars off the road. In Los Angeles, in the first eight months after the launch of uberPOOL, it cut the number of miles driven by 7.9 million miles; saving 140,000 tonnes of Co2 emissions. Of the 5 million Uber trips per day; 20% of all trips are now uberPOOL trips.

Policy challenges

Working with local governments to develop innovative projects - there is a need to encourage best practices and pilot schemes which pilot a range of mobility services. A study by Copenhagen Economic found that ridesharing could benefit the Stockholm area by more than €100 mln./year. A local ridesharing community with a minimum of 3,000 professional drivers could take around 45.000 cars off the streets. This would cut Co2 emissions by 50,000 tonnes and give every person in Stockholm one work day back in time saved. Some Member States have been more proactive in developing and testing best practice in ridesharing. Today, more than 70 countries and cities around the world have already passed pro-ridesharing legislation. From Mexico to India and Australia to Lithuania Uber is trialling uberCOMMUTE - a pilot project in Chicago which enables drivers who commute longer distances to share the cost of the trip. It's carpooling at the press of a button.

There is a clear need for a common sense regulatory framework which makes carpooling sensible and attractive. In Europe, we see Estonia, Finland and Portugal, all looking at pro-ridesharing laws. Only by combining a range of mobility services, can we solve congestion and environmental transport challenges.

CASE STUDY FOUR

Daan Weddepohl Founder, Peerby



Daan Weddepohl is the founder of Peerby.com, which is a website and iPhone app that enables people to borrow the things they need from others in their neighbourhood in 30 minutes or less. Daan loves technology and people. That is why he is passionate about using technology to bring people together. With Peerby, Daan successfully graduated from the Founder Institute in Silicon Valley. He also participated with Peerby in the Techstars London Class of 2013.

About Peerby

Peerby gives people an excuse to ring their neighbours' doorbell and help each other out. Two strangers meeting for the very first time, that's how human relationships begin! Peerby's success did not go unnoticed: in 2012 Peerby won an international sustainability award during the Clinton Global initiative in New York and in 2013 Peerby was the winner of the Ben & Jerry's Join Our Core competition. In 2014 Peerby was voted Urban App of the Year by the News Cities Foundation.

The Opportunity

The platform presents part of Europe's ambition to promote and create a circular economy. Sharing items is a more sustainable method of consumption and has a massive impact in reducing waste. Peerby offers a more efficient way of consumption by enabling individuals to have access to goods which they are not able or choose not to own.

The platform enables participants to earn additional income or save money by renting or borrowing items. On average, participants save €100 per transaction; whilst suppliers make up to €300 per month by using the assets they already own.

Peerby connects communities and has already managed to connect 200,000 neighbours. This allows participants to generate social capital through connecting people. Research by True Price suggests that the average value of such transactions is €30 (i.e. the social capital value). In 2014, the platform generated €2 million of social capital.

Policy challenges

1. Need for research and political leadership to support the collaborative economy - proper research into the environmental impact and the net effect of the sharing economy needs to be undertaken and supported by accompanying policy which supports behavioural changes related to consumption.
2. Consumers are looking for more than access – they are looking for convenience, personal service. People want to share but it needs to be made easy. This means removing obstacles to participation and throwing government support behind platforms who have a positive environmental impact.
3. An alternative approach to taxation - The current system of taxation focuses on the point of labour rather than the resources consumed. This creates an incentive to move jobs and waste resources because there is no cost attached. There is, therefore, a need to address the disbalance in the way labour and resources are taxed in Europe. Our current taxation does not make incentives we would like to see – it prevents the development of the circular economy and prevents job creation. The solution is to shift tax from labour to resources - this would create jobs and reduce environmental impact. Proposals such as the Ex'tax, for example, enable a more sustainable kind of prosperity, based on sensible use of resources. The Ex'tax brings tax on resources up and tax on labour down, creating a proper incentive to use abundant and recycled materials instead of scarce ones. Lower taxes on labour would make it more affordable to benefit from the abundance of capacities of people, boosting manpower, craftsmanship and creativity.

A VIEW FROM PARLIAMENT – An outline of the European People's Party and Alliance of Liberals and Democrats for Europe Groups' view on the collaborative economy

Anna Maria Corazza Bildt, MEP

Anna Maria Corazza Bildt is a Member of the European Parliament for Sweden, and is a part of the European People's Party. She is Vice Chair of the Committee on Internal Market and Consumer Protection. Her professional career started in 1987 in the field of development cooperation – working for UNESCO, the Italian Ministry of Foreign Affairs in Rome, at the Delegation to the OECD and the World Bank in Paris – and in the field of human rights for the United Nations in Geneva.

Summary of comments:

- Supports the vision of a free global internet with strong e-services, which are the same as offline services - this is central to supporting the Internal Single Market.
- The Collaborative Economy is a driving force for growth. It requires policymakers that must change the way they legislate to become enablers and facilitators, rather than regulators.
- Understands the importance of the need for legal certainty for companies looking to scale and plan operations or understand how changes will affect their business model.
- Sees that the solution is not increased regulation at EU level.
- Understands that the challenge is to remove regulatory fragmentation that creates different market access requirements across Member States. Recognises that this reduces services that are offered to consumers and creates additional cost, which is prohibitive to growth.
- Believes that there is a need for a holistic Consumer Protection Directive - the initial work of the Commission should be to map down problems and challenges, rather than rush into legislation.
- Acknowledges that there is enormous differentiation in the way in which Member States have reacted to the sharing economy - Estonia, is a great example of embracing the sector. Poor practice in Member States should also be called out.
- Policymakers should not be afraid to call out unfair practices in Member States - blanket bans is not a solution. Member States should not act to protect traditional businesses under threat in a reactive way - consumers cannot be denied innovation and access to improvements in business models.
- Understands that there is a need to provide clarity, transparency and legal certainty as to activity which is voluntary and occasional; versus activity which is professional.

- Approach should be one of providing a level playing field and letting consumers decide. The solution is not to shut out innovation; but rather ensure that barriers are removed and that there are clear and simple rules which apply equally to all players

Dita Charanzova, MEP

Dita Charanzova is a Member of the European Parliament for the Czech Republic, and is part of the Group of the Alliance of Liberals and Democrats for Europe. She is a member of the Committee on the Internal Market and Consumer Protection. Her professional career started in 2000. Previous roles include 13 years as a Diplomat for the Minister of Foreign Affairs of the Czech Republic and Head of the Section for Trade and Development Policy - Permanent Representation of the Czech Republic to the EU.

Summary of comments:

- Approach to the collaborative economy: 'Over regulation kills innovation'. When considering EU wide rules, we should come from a position that there are already many. Therefore, where the law does not fit the digital area, the approach must be to first see whether the law can be removed.
- The ALDE Group's view is that the Consumer Protection and E - Commerce Directive provide a solid framework for the sector.
- Commission's Guidance on the collaborative economy is to be welcomed and should be implemented by all Member States.
- Policymakers have an obligation to listen to industry which is driving the growth in Europe.
- The Digital Revolution is driven by consumers. Policymakers must think clearly about when to regulate and when to let markets act.
- The role of peer reviews in this economy should not be underestimated. The value of this is that it places the consumer at the heart of business models, like never before - providing an additional level of protection.
- Acknowledges the potential of the collaborative economy in opening up huge possibilities for the creation of jobs and its role in providing opportunities to excluded groups to generate income.
- Policymakers should avoid being prescriptive – there is a need to find a way to navigate in this fast moving environment.
- The challenge for the EU is now to make sure that the Council enforces the Guidance published by the Commission and ensure that the Commission's work translates to change at city level across Member States.

EUCoLab Roundtable Five

Exchange of Views: Harnessing the Societal & Economic Benefits of the Collaborative Economy - with Vice President Katainen

Based on introductory remarks by Vice President Katainen, European Commission

Jyrki Katainen has been Vice-President for Jobs, Growth, Investment and Competitiveness at the European Commission since 2014. He was formerly the Prime Minister of Finland from 2011 to 2014. He is responsible for the project team "Jobs, Growth, Investment and Competitiveness" at the Commission. As part of his portfolio, he is responsible for pursuing structural reforms in EU countries and ensuring that the EU's economic policy coordination is successful and takes account of the social impacts of reforms and helping improve the business environment to make Europe a more attractive place in which to work and invest.

Summary of discussion points and comments from Vice President Katainen

- There are two megatrends in world market economy today. The first is the collaborative economy, born from innovations in technology and changes in consumer behaviour. The second is the circular economy, as more and more new business models focus on recycling existing resources, instead of using more scarce resources.
- The Commission's role must be to understand the features of this new market economy with the intention of ensuring that Europe is a more attractive place for these models to be developed.
- The challenge to traditional business models that the collaborative economy presents must be acknowledged. However, the role of the Commission must be one of an enabler.
- There is a responsibility for policymakers to allow platforms to devise new ways to provide service to people and a need to ensure that collaborative economy platforms evolve in a responsible manner.
- Companies need legal certainty - they need to know which rules apply to them and difference in rules across countries, regions and cities should be reduced and where they remain, clearly understood. The number one issue identified by platforms in the Commission's consultation on the collaborative economy is struggling to understand which rules apply. It is clear that uncertainty hampers innovation.
- On the issue of market fragmentation - EU approaches in Member States have followed divergent approaches. Some have supported collaborative economy developments, others have acted reactively to ban it.

- The goal of the Commission is to promote a balanced development of the collaborative economy in Europe. Given the diversity of models - B2B, B2C and C2C models - a one size fits all approach should not be applied.
- The Commission has decided not to provide legislative proposals at this stage; but rather to provide guidance and recommendations on how existing rules apply and to establish a monitoring framework for the collaborative economy. It would be difficult to find one piece of legislation that will help business models operate throughout Europe.
- It is intended to act as a strong signal to Member States to take into account the particularities of collaborative economy business models, as a means of securing responsible growth. The agenda provides an opportunity for Member States to review existing regulation for new and old business models alike.
- The main message which the Commission sends to Member States is: if the current regulatory environment does not fit new business models, consider changing the regulatory environment instead of killing off business models.
- Absolute bans are a measure of last resort and difficult to justify.

Summary of discussions

Employment

- It was felt that in the collaborative economy sector, the lines between employees and employers have become blurred. There is a need to better identify who qualifies as such; and it was agreed that this must be made on a case by case basis - based on factors such as the nature of the work and remuneration.
- It was agreed that the nature of work is changing – policymakers acknowledged the growing pressure of changes in societal attitudes to work and market realities, which require policy measures to support this.

Taxation

- It was agreed that there is no easy solution regarding taxation; though the need to reform the current system of taxation was acknowledged.
- It was commented that the development of collaborative economy platforms has been so rapid, that there are real difficulties in adopting existing legislation. This pace of change, creates an impetus to reform.

Engagement

- It was noted that consumer demand is driving massive growth in the collaborative economy. Policymakers acknowledged that consumers are on the side of collaborative economy companies.
- There is a need to raise the voice of the consumer in the collaborative economy debate. Millions of people across Europe are a bigger constituency than traditional industry and there is a need for industry to proactively mobilise as national governments consider legislation which impacts the sector.
- There is an opportunity for platforms to work with national governments to develop best practice. The example of Uber collaborating with the Estonian Tax Authorities in sharing tax data, was cited as an excellent example of policymakers and industry working together to solve challenges.
- The need for policymakers and industry to work together to raise debates at national level was highlighted.

Enforcement

- The role of the Commission in taking on Member States who are introducing platform liability and introducing restrictions or bans was discussed. The view from policymakers was that their role was to look at national regulations to make sure that they require with EU regulation. Where Member States wish to, for example, ban activity; the Commission does not have the opportunity to interfere. Where EU policymakers can be helpful, is in raising awareness and helping Member States to solve challenges thrown up by the sector.
- It was noted that during the last COMPET Council, many Ministers across Member States were very supportive of the possibilities of the collaborative economy and were keen to showcase good examples from their own country.
- It was mentioned that there is a strong need to monitor barriers to competition across Member States and there may be a role for Forum in doing this.

Consumer Protection

- The Commission's current view is that the Consumer Protection and E Commerce Directive provide a strong and clear framework for the sector.
- It was agreed that the first ingredient for collaborative economy platforms is trust. The role of reviews and verification services are crucial.
- The need to clarify definitions around consumers and traders is crucial. It was agreed that debate around consumer protection is a positive step. Consumer protection should be seen by industry as an enabler and opportunity to grow consumer engagement.

Best practice

- The potential for 'regulatory sandboxes' to test ideas through limited trials was explored. Although tools to do this at European level are not available, pilots and trials at Member State level are to be welcomed.
- There was a clear message from policymakers that there is a need to analyse developments in Member States following the Commission's Guidance and monitor and collect best practice. Industry is keen to work with policymakers to do this.

References

1. <http://www.iddri.org/Publications/Economie-du-partage-enjeux-et-opportunites-pour-la-transition-ecologique>
2. http://www.nytimes.com/2013/07/21/opinion/sunday/friedman-welcome-to-the-sharing-economy.html?_r=0
3. http://www.koreatimes.co.kr/www/news/nation/2012/09/117_120479.html
4. http://www.koreatimes.co.kr/www/news/nation/2012/09/117_120479.html
5. <http://www.sharingcitycouncil.com/>



For more information email: contact@eucolab.org
or visit: www.eucolab.org
