



Antitrust: e-commerce sector inquiry finds geo-blocking is widespread throughout EU

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Initial findings from the Commission's e-commerce sector inquiry show that geo-blocking is widespread in the EU. This is partly due to unilateral decisions by companies not to sell abroad but also contractual barriers set up by companies preventing consumers from shopping online across EU borders.

The European Commission has published initial findings on the prevalence of geo-blocking which prevents consumers from purchasing consumer goods and accessing digital content online in the European Union. The information was gathered by the Commission as part of its ongoing antitrust sector inquiry into the e-commerce sector, [launched in May 2015](#). In particular, the replies from more than 1400 retailers and digital content providers from all 28 EU Member States show that geo-blocking is common in the EU for both consumer goods and digital content. 38% of the responding retailers selling consumer goods and 68% of digital content providers replied that they geo-block consumers located in other EU Member States.

The e-commerce sector inquiry serves the purpose of gathering market information to allow the Commission to better understand if and to what extent any barriers erected by companies affect European e-commerce markets. Geo-blocking is one of the issues covered by the sector inquiry. The facts and data on geo-blocking published today do not prejudge the finding of any anticompetitive concerns or the opening of any antitrust cases. The findings will feed the Commission's on-going analysis in the sector inquiry to identify possible competition problems and also complement actions launched within the framework of the Commission's [Digital Single Market Strategy](#), to address barriers that hinder cross-border e-commerce.

Margrethe **Vestager**, Commissioner in charge of competition policy, said "*The information gathered as part of our e-commerce sector inquiry confirms the indications that made us launch the inquiry: Not only does geo-blocking frequently prevent European consumers from buying goods and digital content online from another EU country, but some of that geo-blocking is the result of restrictions in agreements between suppliers and distributors. Where a non-dominant company decides unilaterally not to sell abroad, that is not an issue for competition law. But where geo-blocking occurs due to agreements, we need to take a close look whether there is anti-competitive behaviour, which can be addressed by EU competition tools.*"

More and more goods and services are traded over the internet but cross-border online sales within the EU are only growing slowly. The Commission's initial findings from the sector inquiry published today address a practice, so-called **geo-blocking**, whereby retailers and digital content providers prevent online shoppers from purchasing consumer goods or accessing digital content services because of the shopper's location or country of residence. This is one factor affecting cross-border e-commerce.

In some cases, geo-blocking appears to be linked to **agreements between suppliers and distributors**. Such agreements **may restrict competition in the Single Market in breach of EU antitrust rules**. This however needs to be assessed on a case-by-case basis.

In contrast, if geo-blocking is based on **unilateral business decisions** by a company not to sell abroad, such behaviour by a non-dominant company falls clearly **outside the scope of EU competition law**.

There are a number of reasons for retailers and service providers not to sell cross-border and the freedom to choose one's trading partner remains the basic principle. Against that background, it is a key priority of the Commission to address unjustified barriers to cross-border e-commerce with legislative actions as part of its [Digital Single Market Strategy](#) and it will come forward with further legislative proposals in May. The common objective of competition enforcement and the Commission's legislative initiatives is to create an area where European citizens and businesses can seamlessly access and exercise online activities, irrespective of their place of residence.

Summary of initial findings

The sector inquiry has found that 38% of the responding retailers selling **consumer goods**, such as clothes, shoes, sports articles and consumer electronics online use geo-blocking. For these products, geo-blocking mainly takes the form of a refusal to deliver abroad. Refusals to accept foreign payment methods, and, to a lesser extent, re-routing and website access blocks are also used. While a majority of such geo-blocking results from unilateral business decisions of retailers, **12% of retailers report contractual restrictions to sell cross-border** for at least one product category they offer.

As regards **online digital content**, the majority (68%) of providers replied that they geo-block users located in other EU Member States. This is mainly done on the basis of the user's internet protocol (IP) address that identifies and gives the location of a computer/smartphone. **59% of the responding content providers indicated that they are contractually required by suppliers to geo-block.** There are significant differences as regards the prevalence of geo-blocking between different digital content categories and EU Member States.

The number of respondents by Member State varies, mainly because of the different size of e-commerce markets across the Member States, and the number of spontaneous requests to participate in the inquiry that the Commission received. The results thus present valuable insight into the prevalence of geo-blocking practices in the EU but are not statistically representative of EU e-commerce markets overall. More details in the [Factsheet](#).

Next steps in e-commerce sector inquiry

A more detailed analysis of all findings from the on-going e-commerce sector inquiry will be presented in a Preliminary Report due to be published for public consultation in mid-2016. It will not only cover geo-blocking but also any other potential competition concerns affecting European e-commerce markets. The Final Report is scheduled for the first quarter of 2017.

The initial findings on geo-blocking published today do not prejudice the finding of any anticompetitive concerns or the opening of any antitrust cases.

If the Commission identified specific competition concerns as regards geo-blocking or other issues, it could open case investigations to ensure compliance with EU rules on restrictive business practices and abuse of dominant market positions (Articles 101 and 102 of the Treaty on the Functioning of the European Union - TFEU). Any competition enforcement measure would have to be based on a case-by-case assessment, which would also include an analysis of potential justifications for restrictions that have been identified.

Background

The full report can be found [here](#). Please also see the [Factsheet](#).

The e-commerce sector inquiry was [launched on 6 May 2015](#) with a view to allowing the Commission to identify possible competition concerns in European e-commerce markets. For further background on the e-commerce sector inquiry see the [sector inquiry website](#).

The sector inquiry complements other actions aimed at removing barriers to cross-border e-commerce set out in the Commission's [Digital Single Market Strategy](#) adopted the same day. Today, the Commission published its full report on the results of the public consultation on geo-blocking (more information [here](#)), as part of its Strategy. The Commission also conducted a [mystery shopping survey](#) analysing the prevalence of geo-blocking and the territorial restriction techniques used in different sectors across the EU. The Commission will in May propose a legislative package to boost e-commerce across the EU.

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Press contacts:

[Ricardo CARDOSO](#) (+32 2 298 01 00)

[Yizhou REN](#) (+32 2 299 48 89)

General public inquiries: [Europe Direct](#) by phone [00 800 67 89 10 11](#) or by [email](#)