Like me, you have probably seen Europe’s cities change in the past few years.

Bike couriers in Strasbourg that no longer work for a single pizza delivery shop, but instead are traversing the streets with hot meals from an array of different restaurants.

Tourists dragging their trolley suitcases through the residential streets of Amsterdam, clearly staying at someone’s apartment instead of a hotel.

Or the counter-reaction: protests in Brussels by taxi drivers who feel they cannot compete with people offering the same or similar service, but who are able to circumvent regulation and save money by driving without the need for a taxi permit.

This phenomenon of ordinary citizens offering services or goods through an online platform has become known in everyday parlance as the “sharing economy”.

Not everyone agrees on the definition of the "sharing economy", as I explain in another article in this magazine, or even what to call this development.

For instance, EU lawmakers prefer to speak of the "collaborative economy", while others refer to the "gig" or "access-based" economy.

Whatever you decide to call it, the trend is here.

Sharing via the internet is not new, as Eszter Zalan explains in her article about the sharing pioneers who were never interested in profit-making.

But Jean Comte and Dave Keating will tell you that the meteoric rise of for-profit platforms has kept courts busy, while Lisbeth Kirk delves into how the sharing economy can be taxed.

Finally, Nikolaj Nielsen takes us into the future, where new technologies may make current platforms obsolete, the same way they are challenging traditional businesses.

I am very happy to share these thought-provoking stories with you.

Peter Teffer
The sharing economy is a noticeable trend shaking up traditional sectors, but the phenomenon is ill-defined and empirical evidence about its impact is scarce.

*By Peter Teffer*

“\textit{It’s always more fun, to share with everyone},” Jack Johnson sang in The Sharing Song, on the soundtrack of the 2006 animation film Curious George.

The singer-songwriter proposed that a ball, a sandwich, a secret, a drum stick, time, milk, and cookies, are enjoyed exponentially when shared with others.

However, the song made absolutely no mention of whether those cookies and sandwiches should be shared in exchange for financial compensation.

To share, according to the Oxford English dictionary, means “have or give a share of”, or “have or use jointly with others”.

That is why the name ‘sharing economy’ is somewhat unsuitable for the plethora of online platforms that see themselves as a part of that trend.
Sometime in 2015, the European Commission started to use the phrase ‘collaborative economy’ instead of ‘sharing economy’.

In its June 2016 paper, A European Agenda for the Collaborative Economy, it defined the concept as “business models where activities are facilitated by collaborative platforms that create an open marketplace for the temporary usage of goods or services often provided by private individuals”.

The Organisation for Economic Co-operation and Development describes the sharing economy as “new marketplaces that allow services to be provided on a peer-to-peer or shared usage basis”.

The UK House of Commons has recently investigated what it called the “gig economy”, and the perceived problems related to it: “the hours, pay and conditions of workers in large online courier and cab services like Hermes, Deliveroo, Amazon and Uber”.

The gig economy is arguably only the for-profit part of the phenomenon. Professor Arun Sundararajan, who wrote an analysis of the collaborative economy for the European Parliament’s Committee on Internal Market and Consumer Protection, prefers to speak of crowd-based capitalism.

The JRC has also identified the synonyms collaborative consumption and access-based consumption. However, many of the terms are used interchangeably.

As recently as October 2016, the EU commissioner for the digital single market, Andrus Ansip, spoke of the sharing economy instead of the collaborative economy. A December 2016 commission press release used both names.

In this magazine, we will speak mostly of the sharing economy, because this is the phrase that is most often and widely used by the general public.
For Airbnb, which allows its users to sell temporary accommodation, and Uber, which allows its users to sell rides, it is a gift from public relations heaven to be categorised as part of the sharing economy.

It allows them to pursue their core goal – making a profit by getting a percentage of the proceedings – beneath a thin veil of altruism.

"Because sharing has a positive and progressive connotation, more and more companies have started to claim that they are part of the ‘sharing economy’,” said a report by the European Commission’s in-house think tank, the Joint Research Centre (JRC).

It noted that while many policymakers and media outlets – including this magazine – have a sense that the sharing economy is a trend worth watching, it is not clear that everyone is talking about the same thing.

The JRC conducted an extensive literature review, which was published last year. The JRC called the sharing economy a “broad umbrella term” for which there is “no consensual definition”.

The lack of a common definition also makes it difficult to quantify how much the sharing economy is worth, even though several reports have tried to do so.

“Available empirical evidence to date is very partial and inconclusive - in many cases, it is simply anecdotal and often presented by stakeholders in the current controversies,” the JRC said.

The EU-funded scientists wrote that while Uber and Airbnb have released dozens of reports, the methodologies of the companies’ research is kept confidential, making independent validation impossible.
They also argue that most of the available evidence relates to situations in the United States. “In the EU, the lack of evidence is more pronounced and there are few scientific articles,” the JRC stated.

It also noted that much of the debate is normative instead of fact-based, and that the phenomenon carries connotations with it “from anti-capitalist social narratives to ecological themes, libertarian thinking, and management rhetoric”.

Several online platforms have argued that their technological solutions are so superior, that they can replace traditional regulations.

In 2015, Antoine Aubert, director of public policy and EU strategy at Uber, argued in the European Parliament that some regulation can be replaced by Uber’s own checks and user reviews.

While that raises all sorts of questions about the separation of powers, technological solutionism is not immediately dismissed by the European Commission, which sees self-regulation as a possible alternative to “unnecessary regulatory burdens”.

In its 2016 strategy paper, the EU executive said that “rating and reputational systems” common to the sharing economy can “potentially reduce the need for certain elements of regulation, provided adequate trust can be placed in the quality of the reviews and ratings”.

The paper said that Europe should embrace the new trend, because it offered “innovation, competitiveness and growth opportunities”. But it also warned member states to ensure fair working conditions and that consumers were protected.

The paper was envisaged as a guidance to member states, but often said that a case-by-case approach was the best way forward.
In February, representatives from the ride-sharing service BlaBlaCar were waiting apprehensively in a Spanish courtroom.

The service, which has been called an "electronic hitchhiking app", allows drivers to bring guests along with them so they can ‘bla bla’ during their journeys.

The company was sued by Confebus, the Spanish confederation for bus transport, for allegedly operating illegally as a transport service that could put coaches out of business.

But the Spanish judge ruled that BlaBlaCar is not guilty of unfair competition because it is subject to the EU commerce directive rather than Spanish transport rules and, notably, is not a transportation service.

It was only the latest in a series of rulings involving sharing economy companies.

Dozens of court challenges are pending in Germany in response to Berlin’s ultra-strict restrictions on accommodation rental site Airbnb. Similarly, a case is pending at the European Court of Justice (ECJ) on whether the ride-sharing app Uber is a taxi company or an information company.

Regulatory systems were not ready for the sharing economy, and now the battle has moved from the streets to the halls of justice.

By Dave Keating
Four years ago, the battle for these new companies was a commercial one. Could they prove their viability? Which ones would emerge as the dominant provider? Now, with entrenched providers fighting back and governments unsure of how to proceed, the battle has moved from the streets to the courts.

**BLAbla OR BUS?**
The BlaBlaCar case is typical of the legal situation. Entrenched transportation businesses are suspicious of a service, that started as social networking for people to share car costs, morphing into a profit-making venture used by professionals.

The company disputes that this is the case. “For us, sharing a car is something that has always been done,” says BlaBlaCar public policy manager Elia Ferrer Travé. “Now because of the technology people can do it more easily. But it doesn’t make sense to accuse that person of delivering transportation services.”

She says BlaBlaCar, which is now present in 22 countries, 14 of them in the EU, has safeguards in place to make sure it is not being used by professionals. Drivers can only charge 50 percent more than a price suggested by BlaBla, and cannot carry more than four passengers.

Confebus said the drivers are profiting and, as a result, bus ridership has gone down by around 20 percent. However, the judge ruled that other factors caused the decrease in bus usage, and that any drivers making a profit from ride-sharing were an “exceptional” case.

**UBER IN LUXEMBOURG**
The BlaBlaCar case is easier to resolve because the company tells its users that making a profit should not be their prime motive.

But what about those services that are for financial gain?

BlaBlaCar says hitch-hiking is not new and that its app does not turn drivers into profit-driven competitors for public transport. Photo: Marco Fieber
Even though it still calls itself a “ride-sharing app”, Uber is clearly an electronic platform for users to provide a taxi-like service for profit. (See article about Uber’s struggles in Brussels).

In 2015, a Spanish judge deferred a challenge to a ban on the Uberpop service, which allows drivers without a taxi license to sell rides, to the ECJ. After two years the court has yet to deliver a ruling.

The crucial question is whether Uber, registered in the Netherlands, should be classified as a cross-border information service or as a local taxi service. The ECJ ruling could settle the legal question across Europe.

“So far the cases are trending favourably toward the collaborative economy companies as a whole,” says Luc Delany from the collaborative economy forum EUCoLab.

“I think it’s helpful to refer to the ECJ, but it would be preferable if the national courts felt able to interpret for themselves,” he added.

Delany says that existing EU legislation, such as the services directive and rules on distance selling, should be enough to resolve these cases.

“EU regulation is helpful at the moment and we don’t need anything new. What we need is consistent application of European legislation.” (See interview with Luc Delany in later article)

**BERLIN’S AIRBNB BAN**

The legal challenges are not only in the transport sector. Home-sharing site Airbnb is facing increasing restrictions around the world. One of the strictest measures took effect in Berlin last year.

The company’s name is short for ‘airbed and breakfast’ - the original idea was that a traveller could meet new people and save money by staying on someone’s air mattress or couch. But the site has increasingly been used by professionals who rent out their unoccupied houses or apartments.

Stephan von Kassel, the mayor of the central Berlin district of Mitte, has launched a crusade against Airbnb.

He believes that 80% of offerings in his district are holiday apartments in which nobody permanently lives. Worse, he believes that a large proportion are
rented for many months, which is driving up prices in the city's rental market.

This began to change last May, when Berlin effectively banned short-stay holiday apartments.

Landlords can only rent out up to 50 percent of their home while they are there with the guest. Entire homes can only be rented by acquiring special permits, which have been near-impossible to get. Violators then risk a €100,000 fine.

There are a number of court challenges against the city for unreasonable refusals to grant permits.

But one year on, people are still renting on the site because they have not seen any enforcement. Mayor von Kassel says this is unwise.

“The process takes one to two years … in a year or so, we will likely have 20 to 30 convictions,” he told the website CityLab.

Airbnb says that restrictions like these penalise all users for the activities of a few.

“We’re a platform which has different kinds of hosts,” says Bernard D’heygere, a public affairs manager with the company.

He added that “The vast majority are regular people, but there are also some professionals. We completely agree that professionals should abide by different rules than an occasional customer.”

Amsterdam and London have recently followed suit and put restrictions on Airbnb rentals.

But unlike Berlin, these cities worked with Airbnb to develop the rules. Amsterdam will enforce a limit of 60 days for Airbnb stays, and will be working with the company to collect tourist taxes. (See story on the role of Airbnb in Strasbourg)

The company will continue to fight the ban in Berlin and find a solution for the city.

Airbnb has pointed to a report issued last year by Germany’s Monopolies Commission, which suggested thresholds to differentiate between professional operators and private occasional users.

“We’re engaged in over 200 jurisdictions right now,” said D’heygere, while adding that “Court battles are a last resort, it’s not something we’re trying to actively engage in.”

The European Court of Justice has been asked to classify whether Uber is a cross-border information service or a local taxi service.

Photo: Katarina Daurekova
The sharing economy started out with a few people opening their homes, lending some tools, sharing cars - all for free. Monetising sharing practices has created a giant that some "original" sharers refuse to associate themselves with.

By Eszter Zalan

Money causes schism in sharing economy

For Anja Kuhner, sharing is a lifestyle. She shares her Duesseldorf apartment and her knowledge about the city, free-of-charge, with strangers from all over the world, who might eventually become lifelong friends.

The journalist and executive director of the non-profit home sharing service BeWelcome says it is about the experience, not about money.

She argues that hosting people from around the world helped her to better her understanding of different cultures. “Each person brings something to your life, a story, pictures, experiences,” she says.

The once laid-back approach of opening a home became an industry in the late 2000s, with smartphones becoming a convenient access point to sharing services. Businesses started to make billions under the umbrella of sharing.

Some, like Kuhner, still stick to the original philosophy and are frustrated with the new, profit-making phenomenon.

As many researchers in this area tend to do, she distinguishes between the “fake” and “real” sharing economy.

Kuhner, who has written a book on free hospitality services, argues that the real sharing economy is in fact a niche. As soon as it gets out of this niche, it becomes a real business.

“The real sharing will never be mainstream,” Kuhner told EUobserver.

THE APP REVOLUTION

Experts put the birth of the so-called sharing economy - sometimes also labelled the "gig", “platform” or “collaborative consumption” economy - in 2008, when Apple introduced its app platform that made it simple for anyone to create apps and services.

Apps acted as amplifiers and sharing services got an immense boost.

Airbnb, the home sharing service, was founded in 2008. It now has 150 million users, and is valued at over $20 billion USD (around € 18.8 billion).

Uber, another company that has become a household name, was launched in 2009, and now has an eye-watering valuation of $60 billion USD (around € 56.5 billion).

Couchsurfing, one of the biggest home-sharing services launched in 2004 also decided to go for-profit in 2011. It currently has around 14 million users

While the idea is still based on people sharing their own property, car or home, it is no longer solely based on generosity, but instead on profit. In a sense, it is not primarily for sharing anymore, but rather appears more like renting.
Still, people do get to meet each other, and might be able to learn about different perspectives, which has been the basic philosophy held by the "original" sharers, along with sharing instead of owning.

POSITIVE SOCIAL IMPACT
That is why Benita Matofska - a global expert and speaker on the sharing economy, and founder of The People Who Share, which aims to “mainstream the sharing economy worldwide” - does not believe in the dichotomy of the "fake" and “real” sharing economy. She says the benchmark on making a judgement on a business should be whether it has a positive social impact.

Matofska defines the sharing economy as "a socio-economic ecosystem built around the sharing of human, physical and intellectual resources".

She argues that there are different types of sharing resources, but that the media has been focusing on the business side of the sharing economy, distorting its image. "They are just a small part of the story," she told EUobserver, hoping to re-balance the image.

But not everybody is convinced. Kuhner’s organisation, BeWelcome, follows the more "traditional" way of sharing. It was founded in 2007, is a non-profit, and now has 100,000 members.

Everyone at the organisation is a volunteer, and it makes use of donations to cover its administrative costs, for things such as internet server payments, banking fees, and trademark registrations. Last year they had expenses amounting to around € 260,000.

Kuhner admits their 100,000 membership is “nothing” compared to Couchsurfing’s numbers but she argues, for her, that is not the point.

“It’s not about the number of members, but the number of encounters. That is what has value for us,” Kuhner says, adding: “We do our thing, we don’t think about numbers.”

She admits to being “disappointed” with sites like Airbnb misleadingly using sharing for their business. She went on to call the site: “just a bed and breakfast with a different platform”.

She was also “negatively surprised” by the fact that people think Airbnb and Uber are the real thing, while she refers to them as the “fake sharing economy”.

“We will never be mainstream,” she said.
PEOPLE BENEFIT
But the changing business model is altering how businesses look at communities.

Matof ska argues that even the impact of Airbnb, which has been criticised and regulated in various cities due to it inflating property prices, has been positive. It enables people to access cheaper accommodation, to travel, to stay in areas where they usually would not, and spend more money on the local economy.

She also highlighted several social enterprises that work with shared resources, which aim to have a positive impact on society. The UK project and registered charity, FareShare, is working to save food that is still good, but is normally thrown away and wasted. They send it to community groups who create meals for people in need.

Another example from the UK, Streetbank, is a community of over 50,000 neighbours sharing things, such as kitchen equipment, to help communities get to know each other. Similar initiatives exist in other countries, as well.

“All of this has value, as it is a part of a culture-shift to enabling people to access shared resources,” Matof ska says.

The fact that the sharing economy has disrupted the traditional economy is a good thing, she argues, as traditional businesses are trying to up their game by giving access to their resources, for instance, hotels reaching out to local communities.

Matof ska says people are increasingly looking for companies that share, or participate in the sharing economy with a positive social impact. This acts as a positive push for traditional companies, and the experience becomes more personal even if the initial choice is based on the prospect of spending less money on a service.

She argues that companies need to be encouraged to create more of a social impact while the sharing economy is still young and evolving.

In June, she will spearhead the Global Sharing Week, where people get together to share experiences and participate in the sharing economy.

“I believe people are benefiting much more,” she argues.

Peerby is a Dutch platform through which neighbours can borrow each other’s appliances and other things. It started with no fees attached, but in 2015 the company added Peerby Go, a rental platform. 25 percent of the proceeds go back to the company.

Photo: Peerby

Couchsurfing has existed for years, and was originally free.

Photo: Open Minder
Would you hand in your car, if you knew that public transport in your city could be completely overhauled and made more attractive?

Imagine if you could order a shared taxi with your smartphone, which would bring you door-to-door to your destination, without any transfers. You could book it in real-time, with a maximum waiting time of ten minutes, and you’d share it with a maximum of five others.

Or perhaps you’d opt for the taxi-bus, which you would have to book thirty minutes in advance. It seats 16, and stops a maximum of 300 metres away from the departure point and destination, which a mobile application would show you where these are.

Whether you would give up you car, is a whole other matter. But a recent study showed what would happen to congestion and the environment, if all cars and buses in the Portuguese capital of Lisbon were replaced by shared taxis and shared taxi-buses.
"A car is used for about fifty minutes a day. The rest of the time it is standing still," Jari Kauppila told an audience at an energy conference in Berlin last March, when presenting the results.

The model of an alternative transport system in Lisbon was designed by the International Transport Forum (ITF), which is a think tank with members including all EU countries except Cyprus, operating under the wing of the Organisation for Economic Co-operation and Development (OECD).

“We can deliver the same mobility level with only 3 percent of the vehicles. It is a huge impact,” said Kauppila, head of statistics and modelling at the ITF.

The report is called Shared Mobility: Innovation for Liveable Cities, and was partly funded by Uber, as well as by car manufacturers Ford and Volvo.

But the project’s coordinator, Philippe Crist, told EUObserver that while the companies were given the opportunity to comment, the authors made the final call on the report’s content.

They examined an alternative Lisbon, where transport is provided by two types of shared vehicles: the six-seat shared taxi, and the 16-seat taxi-bus.

Under the ITF’s model, railway and subway services would continue to operate as they do now.

The expected results were stunning. "Congestion disappeared, traffic emissions were reduced by one third, and 95% less space was required for public parking in our model city, served by shared taxis and taxi-buses," the report stated.

Even though each car would be travelling 10 times more than at present, the model shows that "total vehicle-kilometres would be 37% less even during peak hours".

As a consequence of the more intensive use of the vehicles, they would have shorter life cycles. But that is a good thing, the authors noted, because it would mean that they are constantly being replaced by more modern – and thus cleaner – vehicles.

And perhaps most importantly, especially for those of us on a budget, the price of travelling would be reduced by 50 percent or more.
Uber still divides Europe

Uber says national regulations are often outdated, but taxi drivers still see the app as unfair competition.

By Jean Comte
In Brussels, it’s easy to make a taxi driver speak: just ask him how he feels about Uber, and he won’t stop talking for ten minutes.

Take Rachid Azghari for example, a 42-year-old taximan, who has been driving his cab in Brussels for the last ten years. Waiting in line with other taxis for potential clients to transport, he told EUobserver how his business was hit with the arrival of the car-sharing application two years ago.

"On average, I have 30 percent fewer clients than before," he said. "It is mostly the case at the weekends and during the night. After 1am, there are no clients anymore."

Before Uber arrived, "I could make € 400 in one night, on a good weekend," said Ahmed, another taxi driver who declined to reveal his full name. "Now, I'm happy when I make € 200."

LEGAL COMPLIANCE

Uber, however, is not operating in a legal vacuum. When its application UberPop, which allowed non-licensed drivers to offer rides, was outlawed in Brussels, Uber restricted its offer to UberX and UberBlack. These two apps, UberX and UberBlack, only rely on licensed drivers, though this licence is not particularly difficult to obtain.

These licensed cars fall under Brussels’ official categories of "tourism cars" or "limousine" – vehicles that cannot be hailed on the street, and have to be booked ahead.

This move is symbolic of the more collaborative stance adopted by Uber in Europe since last year. After UberPop was banned in several countries, such as Spain, France and Germany, Uber focused more on services offered by licensed drivers, who comply with national rules.

Rachid and Ahmed are not the only ones complaining about Uber. The Federation of Belgian taxis (Febet) considers the US company to be engaging in "unfair competition," according to its secretary general, Sam Bouchal.

"Uber is working under illegal conditions," Bouchal told EUobserver. "The situation is grotesque and out of control."

An anti-Uber protest, planned for 30 March, was cancelled at the last minute, after talks with the Brussels regional government. According to Febet, transport minister Pascal Smet – who declined to speak with EUobserver – committed to further talks.

The same thing happened in Moscow, where Uber made the commitment that all of its drivers have to get authorisation from the Department of Transportation.

"In each country, we work according to the [local] legislation," Antonio Constanzo, Uber's public affairs director for France and southern Europe, told EUobserver. "We only do what is legally allowed."

Taxi drivers still contest this last statement, however. "The 'limousine' category is very restrictive – it only applies to luxury cars booked for a minimum of three hours", said Bouchal from the Belgian taxi federation.
From Uber's side, Constanzo stressed that national regulations in EU countries are often outdated, and do not fit with the digital age. "Some of them are forty or fifty years old," he said, adding that Uber was willing to contribute to the debate on a more modern legal framework.

REBELLION FROM INSIDE
But Uber has another battle to fight – with its own drivers.

Some of them contest Uber’s authority, especially in regard to setting prices and the removal of supposedly badly-behaved ride-sharers, which means they can no longer operate as drivers.

"Uber is only the intermediary – they should not be able to set the price," Sayah Baaroun told EUobserver. Baaroun is the secretary general of UNSA VTC, a labour union representing Uber drivers.

After lengthy talks with Uber, UNSA VTC called for a "boycott" of the platform in early April.

Another strategy for drivers is to ask for employee status. Some UK drivers followed this line of reasoning and, in October 2016, were recognised by an English court as having the right to receive minimum wage and holiday pay.

Constanzo from Uber insisted again that the company always complies with national legal frameworks. "But there is a broader debate on the effects of technology on work, and on the development of independent work," he said. He also stressed that "the main reason people work for Uber is the possibility to work independently."

Abdelhatif, an Uber driver, told EUobserver that he agreed with this, whilst sitting in his car on a rainy Belgian Saturday evening. He has a regular job in a train station, and appreciates earning some extra money with the app – up to €150 per evening.

"If I feel like working late in the evening, I just take my car and drive people. But if I feel tired, well, I can stop whenever I want."
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Airbnb's change of heart toward Strasbourg

The accommodation platform has begun to cooperate with the French city because it saw negative side-effects were damaging its reputation, says Alain Fontanel, Strasbourg’s vice-mayor.

By Peter Teffer

Alain Fontanel has done it himself - used the Airbnb platform to find accommodation. When travelling in his native country of France, or abroad, with his three children, an Airbnb apartment can be more attractive than staying at a hotel, he told EUobserver in an interview.

The vice-mayor of Strasbourg, in charge of tourism, has also rented out his own house to strangers, making use of Airbnb.

He did not see any problem in citizens occasionally renting out their apartments through apps such
The European Parliament meets in Strasbourg for plenary sessions twelve times a year.

“When it’s the week of the parliament, all the hotels are full,” said Strasbourg’s vice-mayor Alain Fontanel.

Parliament staff have complained to Fontanel that hotels are full during the week of the parliament. This has led to some EU staffers to begin using Airbnb.

According to data provided by Airbnb, there is a clear correlation between the timing of the plenary session in Strasbourg and visitors from Brussels. “It is a good example of how Airbnb is helping destinations accommodate events by providing additional accommodation without the need for additional building projects, while supporting sustainable tourism and helping make efficient use of space,” Airbnb’s Bernard D’heygere told EUobserver.

The “multi-owner”, as Fontanel called them, is exercising unfair competition towards Strasbourg’s hotels, while driving up housing and rental prices.

“Especially in Strasbourg, when you take the central part of the city, you have more and more Airbnb houses, and so fewer and fewer houses for people living here,” the socialist politician said.

He then went on to argue that “because you have fewer families”, the number of school children are dropping in the centre. “Airbnb helps to attract different types of tourism into our city, so [that is] good news,” he said, noting however that “it also has side-effects that can be negative.”

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One Strasbourg-based Airbnb host, who spoke on the condition of anonymity, said he “regularly” hosts trainees from the parliament, who “can’t afford the price of a classical hotel”.

EU parliament spokeswoman Marjory van den Broeke told EUobserver that the parliament has no break-down of how many of its staff stay in hotels or at Airbnb accommodation. She did have information on how the staff are travelling between Brussels and Strasbourg.

The parliament is promoting car sharing and, in 2016, around 12 percent did just that. However, the most popular mode of transport were still driving in one’s own car (34 percent), followed by making use of the chartered train (27 percent), and the regular train (15 percent).
AIRBNB COOPERATES, TO AN EXTENT

Last year, Strasbourg changed the rules to counter those side-effects.

It is no longer allowed to rent out more than three apartments for more than 120 days a year. The city has also started cooperation with Airbnb, in an effort to apply an existing rule: if you want to rent out your building for more than 120 days a year, you need permission from the city.

"Airbnb can check how many nights [are booked] per apartment. When they see that one apartment is [booked] more than 120 nights, they will ask them [the host] to get the permission from the city," said Fontanel.

If the host cannot provide the correct documentation, Airbnb would no longer allow the user to rent through Airbnb, the company has promised the city of Strasbourg.

MILAN EMBRACES HOME-SHARING TO HOST VISITORS

By Aleksandra Eriksson

Good cooperation between Airbnb and city authorities can be found in Milan, Italy.

The city regularly organises large-scale events, such as the 2015 world exhibition or the yearly design weeks, and is dependent on Airbnb's home-sharing service to host all of the visitors.

The company has also launched several goodwill initiatives, including one to support the relatives of patients receiving specialist care in Milan, which is also a medical hub. Airbnb helps their relatives to find cheap rooms near the hospital and covers half of the cost of their stay.

"The Milanese want to open their homes. We help people to help each other," Airbnb's Federica Calcaterra told EUobserver.

Booking services are also made available for people who are unskilled at using the internet - accommodation requests are handled by women recovering from abuse, in a cooperation framework with a NGO.

Airbnb also works with another NGO on a project to raise digital skills among adults and the elderly. Giuseppe Sala, the left-wing mayor of Milan, told EUobserver that the city authorities keep an eye on Airbnb's impact on the city, including its hotel businesses. "For now it works very well. But if we see that there are problems, we won't hesitate to pass regulation," Sala said.
What the firm could also do is notify the city when a host rented out their apartment longer than the allowed limit, but “Airbnb doesn’t want to do this,” said Fontanel. “Because if they do this, they will lose the confidence of their clients. They protect their clients.”

The vice-mayor actually agrees with Airbnb’s policy to place the anonymity of its clients above informing the city of their mishandling of the rules. “It would be a problem if Airbnb was not protecting their clients.”

TOURISM TAX
Airbnb has also started to collect tourism tax in Strasbourg, just as it has done in other European cities. The €0.55 tax for each person per night is automatically added to the price of the accommodation.

From August 2016, when the scheme started, until December 2016, Strasbourg had received around €80,000 in tourism tax from Airbnb.

But in all of 2016, hotels in Strasbourg paid €4.5 million in tourism tax. “So, in perspective it’s not a lot. We expected a little more,” said Fontanel. He also noted that Airbnb is not the only temporary rental platform, and that the city is also reaching out for cooperation with its competitors.

But still, Airbnb has changed its attitude, Fontanel said, because the company saw that its image was being damaged by the side-effects of the “multi-owners”.

“The philosophy of Airbnb was more based on the sharing philosophy, and use your own means to share with others, and obtain a revenue from it. It’s not the philosophy of doing business like a hotel without the license of a hotel.”

Hotels in Strasbourg are said to hike up their prices during the European Parliament’s plenary week.

Photo: Peter Taffer
Uber has been active in Denmark for three years now, and its app has been downloaded by an estimated 300,000 people in the country.

“It is not necessarily a farewell to Denmark but a message that we cannot live with the legislation that is now on the table. Therefore we have decided to close,” said Uber’s spokesman in Denmark, Kristian Agerbo.

The decision by Uber comes in protest against a new taxi law, on which a broad majority of political parties in the Danish parliament agreed the principles in February.

According to the new draft law, all transportation of persons for remuneration, which goes beyond the direct costs of driving, is to be considered a commercial activity. A license would be required to perform such services.

A capital requirement for obtaining a transport license has also been introduced by the new law, which amounts to a minimum of €5,300 (40,000 Dkr) for the first car and half that sum for any other cars.

Account auditing for the service will be made obligatory, unless the driver operates via a so-called service centre, where all information and details on the ride must be stored.

Prices for taxi services are to be fixed, and the number of licenses issued will be unlimited only after a three-year introductory phase.

The closing of Uber in Denmark comes as bad news for the ultra-liberal junior partner in the government, the Liberal Alliance party.

The transport minister, Ole Birk Olesen, who belongs to that party, pushed the new law through political negotiations, in the belief that it would be helpful to Uber.

"Uber is probably illegal in its current form under the current taxi law, something the new taxi law probably does not change," Olesen said in a statement.

"It is unfortunate that there was no majority for the part of the government’s proposals for a significant liberalisation of taxi law which would have made it easier for Uber and similar run services to operate legally in Denmark," the minister added.

It is estimated that Uber had around 2,000 drivers in Denmark.
Imagine a teenager earning his first €10 by providing another teenager one hour's worth of online training in playing an online game. Let's call him Magnus, and see what happens when he tells the news to his parents over dinner.

"I made my first €10 today".

Magnus is visibly proud: the €10 is the first income Magnus has ever made from his own work.

Soon the sum will be transferred to his PayPal account by another teenager in return for one hour's worth of online training in playing an online game.

Magnus did not need an employer to make this money.

He operates from a PC in his teenage bedroom and makes contacts via social media networks.

"How about tax?" his father wants to know.

Magnus does not seem to understand the question.

He was never educated about tax issues at school nor does he know that income information should be reported to tax authorities – the sum is too small to matter anyway, he says.

"Magnus would be obliged to pay tax and labour market contribution for the money earned," explains Malte Thomsen from SKAT Denmark.

"He should go online and declare the earnings as 'other personal income.' There is a separate box to fill out for this and it is all pretty easy," Thomsen says.

But it would not be possible for the tax authorities to control whether Magnus actually declares his revenues, as PayPal will not release the information to the tax authorities.

NO SHARING OF INFORMATION

Getting information from the online platforms that facilitate the sharing economy is a growing problem for Nordic tax authorities.

"The Nordic countries have all relatively high tax levels to finance their welfare and they face the same challenges," explains Bjoern Fritjofsson, senior adviser to the Nordic Council of Ministers.

A recent seminar for Nordic tax experts revealed a broad interest in pressuring the platforms, whether Airbnb or Uber, for more information.

"The experts meet to exchange information and experiences on how to handle the growing influence and role played by the platform economy," Fritjofsson says.

"It is generally easier when you operate as a group, but we also aim to establish a network of officials that are specialised in taxation of the platform-driven economy".

Nordic tax collectors set sights on new economy

The sharing economy is set to grow a stunning 1200 percent in Finland, posing a challenge to tax systems in Nordic welfare states.

By Lisbeth Kirk
STUNNING GROWTH

The sharing economy is growing more rapidly than any other sectors these days.

Recent analysis for the Finnish government produced by PwC, found that the value of transactions in Finland’s collaborative market was a little over €100 million in 2016.

It is estimated that the potential total value of transactions in Finland’s collaborative economy will exceed €1.3 billion by 2020.

This is a stunning 1200 percent growth.

But many people do not realise that they have to declare revenues from the shared economy or they think that the tax authorities will most likely never find out about it.

"We have become so used to not having to do anything to declare our taxes, because it is done automatically by our employers. But then, when you have income from driving Uber, you rent out a room via Airbnb or find a sponsor for your YouTube blog, then you do need to be proactive and declare the earnings yourself," says Malte Thomsen.

UBER AUDIT

Uber’s European headquarters is in the Netherlands. By using information provided by the Dutch authorities, it was possible last year for a team of specialists in SKAT to identify 1,800 Uber drivers in Denmark that operated in Denmark in 2015.

The drivers were all notified and informed that their earnings should be declared for tax purposes.

Of the sample, 180 drivers had earned more than 80,000 Dkr (€10,750) and so far, 500 of the Uber drivers had their income assessment changed as a result of the audit.

"We started with income from Uber, because of the information released by the Dutch Tax Authorities.\", Malte Thomsen says.

The tax information released by Uber in the Netherlands was a one-off event, due to pressure from EU authorities in Brussels. Meanwhile the Danish minister of taxation Karsten Lauritzen has ongoing talks with Airbnb on how Airbnb can cooperate with SKAT.

The number of platforms is also mushrooming. In total, 142 shared economy platforms were identified in Denmark in 2016.
Many of them, like Uber, Airbnb and YouTube, are registered abroad and cannot be ordered under current rules to provide information to the national tax authorities.

**BLIND SPOT**
Rebecca Filis works as a shared economy expert in the Swedish tax agency, Skatteverket.

The agency published an analysis in 2016 about the shared economy’s effect on the Swedish tax system.

"Platforms like Uber, PayPal, AirBnb and alike should be required by law to deliver information for income taxation, our report concluded," says Rebecca Filis.

However, the platform owners do not consider themselves as employers, which would oblige them to pay social contributions or withhold taxes from employees’ incomes.

"It is a blind spot and one of the biggest challenges for the authorities and the legislators when we have these new business models," she says.

"No one under 18 can have a PayPal account. Everyone is responsible for declaring their own income and it is the local right that applies," says Karine Froger, PayPal’s head of communication in France and Belgium.

**GLOBALISATION**
The Nordic welfare states are all based on tax structures that were established around one hundred years ago.

In Denmark, for example, the foundation of its tax legislation dates back to 1922, and does not take the modern economy into account.

"Most Nordic countries will try to adapt the existing laws to the shared economy," says Rebecca Filis.

"But the more I think about it, the more I realise that this is not only about the shared economy. We need to think bigger, this is about the digitalisation and globalisation of the economy”. We are looking into something that we can’t address with the regulations from the 1920s. It is no longer B2C [business to consumer] relations. We need to define: what is a digital employer? What happens to ownership in the future? Will we own cars at all in future?” she wonders.
LONG TAIL

All the Nordic countries are looking into regulating the shared economy, including the taxation of earnings. But so far, there are no common approaches or plans for concrete joint initiatives.

Norway published in February 2017 recommendations from an expert committee, composed of trade unions, consumers, industry and others.

“The numerous small incomes all together make up a considerable sum, but it may escape taxation under current rules if each of them are too small and thus operate below current tax thresholds”, said Merete Onshus from Norways’ Ministry of Finance.

The committee welcomed that the sharing economy offers new income sources for the low-skilled and for those with fewer job opportunities.

It noted that the sharing economy, to some extent, operates outside of normal consumer protection regulations, but it seems to stir up relatively few problems due to online rating systems, insurance and secure payment systems.

However, experts recommended a “3rd party disclosure duty” that forces the platforms to deliver information to facilitate the taxation of revenues made in the shared economy.

Denmark’s new government, which has been in place since November 2016, is also working on a new strategy to regulate the sharing economy and aims to present the results of their work this year.

Back in the teen’s bedroom, Magnus continues to make pocket money as an online game instructor. Meanwhile, his classmate, Louise, runs a popular blog and makes a profit by recommending make-up products to her followers. His next-door neighbour, Karl, makes good money as an online poker player.

And none of them are paying taxes... yet.
Lobbyists educate EU policymakers on collaborative economy

The European Collaborative Economy Forum, a trade association, has recently started doing advocacy work, while Uber increased its spending on EU lobbying significantly.

By Peter Toffer

The lobbying power of companies that count themselves among the sharing economy is still relatively small, but growing rapidly.

Take Uber, famous for its ride-sharing app. In 2015, the latest year for which it provided information to the EU's transparency register, Uber spent between €400,000 and €499,999 (companies are not required to give a specific figure) on lobbying activities in Brussels.

Uber's EU lobbying budget is comparably tiny to that of Google, for example, which spent over €4 billion in that same year. What is striking, however, is the budget's growth.

In 2014, its expenditures amounted to between €50,000 and €99,999. This means that in the course of a single year, Uber's lobbying war chest has quadrupled at the very least. It may have even increased tenfold, if taking into account the minimum amount for 2014 versus the maximum amount for 2015.

It is also impressive to note that since Jean-Claude Juncker became head of the European Commission in November 2014, Uber representatives have met with commissioners, their cabinet members, or the highest civil servant in the directorates-general fifty times.

That is only eight meetings fewer than Facebook, which spends at least twice as much on lobbying in Brussels.

Airbnb, the other best-known member of the sharing economy, spent between €100,000 and €199,999 in 2016, up from between €50,000 and €99,999 in 2015. It met with high-level commission staff twelve times. However, its number of declared lobbyists dropped from six to two.

EUROPEAN COLLABORATIVE ECONOMY FORUM

The changes could be due to the birth of the European Collaborative Economy Forum, with a lobbying budget of between €25,000 and €49,999. It is a business association that aims to “help innovative tech companies find a voice to policymakers”, according to the organisation’s CEO, Luc Delany.

Delany told EUobserver in an interview that he left Facebook four years ago to set up his own consultancy firm. Speaking to former colleagues and friends in the app business, he felt there was a need
for a platform to “get the discussion going in Brussels” on the sharing economy.

The forum chose the name European Collaborative Economy Forum instead of European Sharing Economy Forum, because the European Commission has adopted that phrase.

“We decided that, since our audience was Brussels, we would have liked to reflect the language that Brussels was using,” said Delany, accepting that sharing economy was “more common parlance”.

“We started off with the European Collaborative Economy Forum [in 2015] as a place for discussion between members, with policymakers, to discuss the current and future policy landscape. So no lobbying, no position papers, no agreed views, it was actually all about, well, how do we amongst us consider the collaborative economy,” he said.

Uber and Airbnb are among its founding members, but the association also has in its ranks companies that offer access to boats (Boataffair), shared office space (Seats2Meet), and car-sharing (SnappCar).

This year, the association will move into “a little bit more of an advocacy role”, said Delany.

He added that the forum has been speaking to members of the European Parliament about the first version of a non-binding report about the collaborative economy, drafted by centre-left Italian MEP Nicola Danti. Danti did not respond to a request for an interview.

NO WILD WEST GUYS

Delany also saw a task in “educating” policymakers, because there were “some common misconceptions” about the collaborative economy.

“These guys are accused of being in the Wild West and flouting laws and regulations, that kind of thing, but the reality is that the general construct of business regulation applies to sharing or collaborative economy companies as much as it does to anybody else,” Delany said.
“We are already part of economy. The laws that apply there still apply,” he added. “We just have to look at: how do we re-interpret and consider these companies now that the scale of this operation has changed and it’s become a competitor to traditional services.”

Several companies that see themselves as part of the collaborative economy have gone to court to challenge local bans.

“We’re not calling for new regulation to particularly suit the collaborative economy,” said Delany. “What we are asking for is existing European legislation to be applied correctly,” he noted, adding that some local laws that were adopted in response to the sharing economy were protectionist, and created “unnatural barriers” to enter the market.

THE SOLUTION
Delany also opposed the idea that sharing economy companies are responsible for a trend towards more self-employment.

“The problems about a shifting European work force, potential contributions to social security, those concerning issues, are actually part of a very large across-the-whole-economy shift, not specific to the collaborative economy,” he argued.

Instead, driving for Uber or renting out a room through Airbnb can help people make some extra money, the lobbyist noted. “We see the collaborative economy as a solution for many people who are underworked, out of work. It’s a way back into the work force.”

Delany said that over the past few years, he has seen EU policymakers becoming less concerned and more open to the sharing economy. “I think they have changed their views from being somewhat sceptical and mistrusting, to being welcoming and optimistic in general.”
DIGITAL CURRENCY: THE AIRBNB AND UBER KILLER

The digital currency Ethereum allows people to run so-called smart contracts, potentially creating a decentralised sharing economy, and could be the beginning of the end for firms like Uber and Airbnb.

By Nikolaj Nielsen

Virtual currencies may one day challenge the dominance of digital giants such as home-rental app Airbnb and ride-sharing app Uber.

Both of these firms run their services on centralised platforms and skim fees off their users around the globe. It is a business model that has earned them billions in revenue and raised tricky questions over tax and labour rights.

Destroying that business model - while keeping the service with the same level of trust when things go wrong - could be the next big step in the so-called sharing economy.

The vision of a decentralised sharing economy has gripped people who see virtual currencies as a driving force behind what today remains very much a niche movement.

Aaron Wright, director of the Blockchain project at the New York City-based Cardozo School of Law said "I think it is very early days," referring to the new wave of cryptocurrencies.

Digital currencies first appeared eight years ago with Bitcoin, the value of which has been fluctuating up and down over time.

Despite internal turmoil among its user base, Bitcoin traded above the market price of one ounce of gold for the first time ever earlier this year.

Many similar currencies have since followed Bitcoin’s release, with a total combined market cap value of around €27 billion and growing.

BLOCKCHAINS AND ETHEREUM

Not all virtual currencies are the same, but one thing all of them share is the underlying use of blockchain technology.

Blockchains store information across a network of personal computers. It means no company, government, or person owns the system. Information on blockchains cannot be altered, reversed or changed. And everyone helps run it.

Bitcoin is by far the most popular virtual currency on the market. But two years ago, Ethereum appeared and has since become Bitcoin’s biggest rival.
Unlike Bitcoin, Ethereum is also able to transfer information and value of any kind.

"It [Ethereum] resembles a new level of understanding of what cryptocurrencies can do," said Walid Al-Saqaf, from the US-based non-profit Internet Society (ISOC).

Sometimes described as a decentralised world computer, Ethereum can run programmes, exchange information and value.

**SMART CONTRACTS**

Ethereum opens up a whole new field of opportunities that may one day rival more traditional online industries. One reason is that Ethereum is the first currency that allows for so-called smart contracts.

A smart contract is a small programme that acts as a digital middle-man, gets money from multiple people, and provides designated services.

Placed on a blockchain, which is immutable and transparent by default, it could create the trust people seek when they sign up to services like Airbnb and Uber.

"We can use this new database that nobody owns. That means Uber doesn't own it, that means Airbnb doesn't own it," said Wright.

Wright said people then started thinking about how the blockchain could be used in the sharing economy.

"I think people see the vision for this and the question is does it happen in the next five years or does it happen in 20 years," he said.

**THE INNOVATORS**

Some are already trying.

Slock.it, a German-based firm, is currently developing the smart contract and Ethereum concept into practical applications.

According to the company's website, Slock.it wants to give everyday things, like work space rental, the ability to receive payments and enter into complex agreements and transact without intermediaries.

In March, it secured some $2 million in seed money to develop its Universal Sharing Network (USN) project.
"With the USN, rental apartments and offices will become fully automated, smart objects will be rented on demand and unused vehicles get a new lease on life," said Slock.it’s CEO, Christoph Jentzsch, on the firm’s website.

But Slock.it hasn’t been without issues.

Last year, it attempted to raise venture capital using a smart contract that was later hacked.

The smart contract contained a bug, which was exploited. Some $50 million of digital Ethereum money, also called Ether, was stolen from the project known as the Decentralised Autonomous Organisation (DAO).

"People learned from that [DAO], because it is not a simple thing to write a smart contract, it is much more demanding," said Walid Al-Saqaf.

It means if there is a bug in the code then it becomes susceptible to hacking or other vulnerabilities.

Al-Saqaf says a critical mass is needed for people to consider Ethereum as a living application for a smart contract, rather than as a currency, before it would ever go mainstream.

"I see it developing, the thing is that there is potential and the technology is available," he said.
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