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**COMMISSION PUBLIC CONSULTATION ON “CHALLENGES FOR EUROPE’S  
INFORMATION SOCIETY BEYOND 2005: STARTING POINT FOR A NEW EU  
STRATEGY”<sup>1</sup>****UNICE CONTRIBUTION****Executive summary**

UNICE welcomes the European Commission's consultation as an essential exercise in evaluating the eEurope initiative and for determining future strategy.

The Communication itself provides a balanced description of the present situation and the key issues. UNICE would like to voice European industry's support for continuation and enhancement of the eEurope initiative beyond 2005.

While much progress has been made, UNICE believes that a lot remains to be done.

The top priorities for UNICE are: (1) trust and dependability, (2) public services and (3) interoperability.

UNICE believes following actions are required:

**Trust and dependability:**

- ⇒ EU: A thorough evaluation of the effectiveness of directives in force affecting the e-business environment.
- ⇒ EU: Simplify and clarify data protection requirements whilst avoiding unnecessary sectoral data protection measures, as well as burdensome data retention legislation.
- ⇒ EU and national level: Awareness-raising, benchmarking activities and identify and exchange best practice.

**Public services:**

- ⇒ EU and national level: Develop an EU 'ICT-Maturity-Index' in close collaboration with Member States and stakeholders.
- ⇒ EU and national level: Awareness-raising, benchmarking activities and identify and exchange best practice.
- ⇒ National: Make public services interactive and available online.

**Interoperability:**

- ⇒ EU: Continue market-led standardisation efforts with close attention being paid to the needs of SMEs.

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<sup>1</sup> COM (2004) 757 final

**COMMISSION PUBLIC CONSULTATION ON “CHALLENGES FOR EUROPE’S  
INFORMATION SOCIETY BEYOND 2005: STARTING POINT FOR A NEW EU  
STRATEGY”****UNICE CONTRIBUTION****Introduction**

The use of Information and Communication Technology (ICT) and efficient functioning of related infrastructure is at the core of making the EU a more competitive knowledge-based society. Increased investment and use of ICT enhances productivity and decreases the cost of information flows and compliance cost of administrative regulations. The Lisbon Strategy has placed information society issues at the top of the agenda. In view of the Lisbon objective of making the EU “*the most competitive and dynamic knowledge-based economy in the world*” by 2010, UNICE strongly supports the eEurope initiative. UNICE welcomes that this key role of ICT was confirmed at the spring Council 2004 and by the recent Wim Kok report on “The Lisbon Strategy for Growth and Employment”

While much progress has been made, UNICE believes that a lot remains to be done. Since 1991 the US economy has experienced one of the longest periods of economic growth in its history, with accelerated growth since 1995. The development and dissemination of new information and communications technologies (ICT) and associated structural changes have led to major improvements in productivity, output and employment. Empirical evidence suggests Europe’s productivity gap with the US is to a large extent explained by its weaker investments in ICT. The emerging global competitive situation for the European industry constitutes a major challenge. Besides the US and Japan, China, the Americas and India are emerging as global players in the ICT industry. This is a challenge to which the EU has to develop a series of strategic responses.

UNICE welcomes the European Commission’s consultation as an essential exercise in evaluating the eEurope initiative and for determining future strategy. The Communication itself provides a balanced description of the present situation and the key issues. UNICE would like to voice European industry’s support for continuation and enhancement of the eEurope initiative beyond 2005.

The Lisbon Strategy included drawing up an eEurope Action Plan, adopting a legal framework for electronic commerce, completing the new regulatory framework for the telecommunications industry and liberalising telecommunications markets, ensuring rapid expansion of Internet and its applications as well as needed skills in schools and public services together with developing high-speed interconnected networks for Internet access. Progress has been achieved in many of these areas at both the EU and national levels, but still the work is far from complete. Not all European telecommunications markets are fully liberalised, application of the telecommunications package is still incomplete in many Member States, and it is implemented inconsistently across the EU, infrastructure

development requires ongoing attention to the legal and financial conditions, and development of essential digital content and services depends on both private and public stakeholders.

**1. Main technological, economic and societal developments that public authorities have to take into account when preparing Information Society policy initiatives for the next five years?**

Dissemination of ICT

Firms that increase their efficiency by using ICT (multifactor productivity) contribute to economic growth. The introduction of new technology in itself does not as such create additional value or profit, this only happens when the work and production processes are reorganised. Productivity gains often do not emerge until long after the innovation was introduced. This was the case with electricity and it is the same today with information technology. However, this is not an excuse for delaying the necessary investments in ICT if the EU is to successfully achieve the goals set out in Lisbon

The 'General Purpose Technology' for the 20<sup>th</sup> century was the combustion engine, which gave mankind a unique degree of mobility on land and in the air. When the car was invented, it was not the car industry that was the force providing the impetus behind the prolonged upswing in western economies in the 20<sup>th</sup> century but the infrastructure that we built to enable us to use the car - from roads and new service sectors to the fundamentally changed patterns of living and systems for the distribution of merchandise.

The same applies to ICT. It is the ICT industry on the one hand – through its investments in R&D and its innovation – that is the primary driving force of change, and the myriad different uses for IT on the other, that are changing the way we work and thus improving productivity throughout the economy. As a 'General Purpose Technology' ICT has a strong impact on a wide range of industries and it often is an enabler for major innovations in 'ICT-users industry'.

UNICE believes it is important from a policy point of view to recognise this time lag, and the enormous business implications this has, when considering policy measures to enhance the exploitation of ICT by users and when addressing key related economic and social issues associated with these, such as the improvement of ICT skills for European workers, increasing lifelong learning opportunities and enhancing employment mobility. Furthermore, it is of paramount importance to address the SMEs usage of ICT.

Transformation within the ICT Sector

The ICT sector is itself in a state of major transformation which will enable it to meet these challenges, including expansion of broadband, technological change and convergence, evolving patterns of consumer expectations and user experience, emergence of new business models, and growing competition between platforms.

## Security

The security situation in both the physical and digital worlds has deteriorated during recent years. In the information society debate, this question is central for the development of the attitudes and trust towards the digital media. The perceived security of digital transactions determines the speed that enterprises are prone to exploit ICT in their business. Likewise, consumers' willingness to provide credit card numbers on a web page is greatly influenced by the perceived safety of the action. In addition, users' trust in ICT is an essential ingredient to the acceptance of eGovernment. Along with increasingly integrated information networks, society is ever more dependent on 24-hour functioning of the system; consequently, functioning of the physical infrastructure is at stake when information and network security is under discussion.

In a more general sense trust in e-transactions should be strengthened. The patchwork of directives and national laws on e-business and privacy does not add to the easy understanding of what is permitted and what is not. Especially since enforcing the law and passing sentences is still immature.

## Convergence

UNICE believes different policy aspects of convergence expose policy-makers to an increasing numbers of challenges that must be addressed both at EU and national level. The convergence of different terminal equipment, services and networks is one such challenge. The development is rapidly leading to a situation where the same content and services (voice, high-speed data and video) can be accessed over a wide range of different platforms (ADSL, cable, satellite, PLC, 3G...) by various end terminals ranging from traditional computer terminals, mobile phones and TV to integrated information technology elements in cars, forest machinery and variety of other equipment. In this context, for convergence to fully deploy its benefits, innovative high quality content services and high-speed connections should be available to final users. Furthermore, it is important to acknowledge the rapid development of new applications and the introduction of disruptive technologies like smart tags and voice-over IP when framing new regulations or standards. There is of paramount importance to take a technology-neutral approach to avoid hampering future technologies.

## Integrated networks

Furthermore, we would like to emphasise the development towards more integrated IP-based networks both in business as well as in public sector. This has far-reaching implications for production and distribution structures of as well as on contact surfaces between enterprises, public authorities and citizens. Massive investments will be required from telecommunications operators to deliver the needed network and service convergence, to upgrade existing networks, simplify architectures and develop next generation networks. EU and national policy-makers have to ensure the appropriate climate for industry to face this heavy bulk of investments. While increasingly integrated information networks boost productivity, cut costs, speed up the transaction, it also makes the system more dependent on the continuous functioning of the network. This brings us back to our first point concerning the security issue.

## R&D and innovation policy

R&D and innovation policies are crucial both for the ICT industry as such as well as the ICT users industry. Not only having a larger budget available for R&D and innovation activities is important but also to seek the highest impact and benefits for European citizens and industry out of R&D projects. In this sense, involvement of the main actors in R&D projects is essential, particularly those who have a bigger impact in the final application of the technologies: industries, manufacturers and service providers. UNICE would also like to draw attention to the conclusion of the independent 'Five-Year Assessment Panel of IST-RTD'. This high-level group concludes in their recent report Europe's research and development in Information Society Technologies (IST) makes a vital contribution to efforts to become the world's most competitive knowledge economy. But Europe must step up this investment if it is to achieve 'critical mass' in these technologies. The report also highlights the need to reduce bureaucracy, which threatens to stifle research.

## **2. Do you agree with these 8 clusters as the most relevant and comprehensive for the strategy up to 2010? Do you identify others? What would be your Top 3 priority clusters and why?**

The communication itself provides a balanced description of the present situation and the key issues. However, we would like to add the regulatory package for the telecommunication markets as an additional cluster to be addressed. The top priorities for UNICE are: (1) trust and dependability, (2) public services and (3) interoperability.

### 1. Trust and dependability

The security of information infrastructures and computer-related crime is increasingly a major problem touching businesses, administrations and individuals alike. Being able to create an information society that is sufficiently dependable for continuous access to information for business and consumers alike is an enabling factor in information society development.

In this context, UNICE welcomes initiatives aiming at the creation of a safer information society by improving the security of information infrastructures and combating computer-related crime. Nevertheless, we call on regulators taking such initiatives to refrain from doing so at the expense of industry and/or at the expense of fundamental rights such as the right to privacy, notably in developments regarding data retention.

For ICT users it is essential that computer-related crime is tackled, where possible in an internationally harmonised way, and that enforcement of legislation is vigorously pursued, thereby demonstrating that such crime does not pay. The problem has been acknowledged by the Commission in numerous communications and recommendations, as well as through establishment of the European Network and Information Security Agency. The Commission should create a common environment where public and private sectors work together to protect their information systems, taking into account the increasingly fast changes in technology without imposing inappropriate administrative or financial burdens. The information society can clearly benefit from the eradication of threats to business investment and assets. The ever-increasing vulnerability of networks needs to be addressed.

Exploitation of ICT by business is a key factor in enhancing European competitiveness. The rate of expansion of ICT applications especially in SMEs are very dependent on security and trust. Supporting the development of products and services applicable for SMEs, e.g.

through R&D support, standardisation and educational projects would drive progress towards the competitiveness goals.

## 2. Public services

UNICE believes that one of the central pillars in ICT-policy is public authorities use of ICT in a broad sense. Public authorities as demanding and capable users and buyers of ICT are a key policy instrument to achieve the objectives of the eEurope Action Plan. There are a whole set of different measures that can be envisaged ranging from electronic public procurement, using ICT for easing the administrative burden for enterprises (eGovernment), eHealth, eLearning and public spending on R&D.

Furthermore, eEurope cannot be a success if full participation by SMEs in the e-Economy is not achieved. To a greater extent than larger enterprises, SMEs need incentives to embrace the Information Society which Member States can create, for example by providing effective time- and cost-saving eGovernment services.

## 3. Interoperability

The Communication addresses correctly the convergence and interconnecting issues. R&D and standardisation work in this field is in UNICE's view potentially very productive and should remain market-led. We can refer to earlier experiences of GSM standard, the IP-protocol and the technical and market development that followed.

### Other clusters

In addition to the eight clusters addressed in the Commission communication UNICE would like to focus attention on the crucial prerequisite for the achievement of the goals set out in the Communication that is the upgrading and development of telecommunications infrastructure, the backbone of the Information Society. It is crucial when framing future policy initiatives to give the utmost importance to measures that promote investment and effective competition between all market players, within the framework of a level playing-field for all stakeholders.

In this context, the effective, proportionate and consistent implementation of the 'Telecom Package' is essential and Member States and National Regulators should demonstrate their commitment to this major step towards further strengthening competition in telecommunications which will be of benefit to all.

To maximise ICT's contribution to the Lisbon goals (through improved productivity and economic growth) and deliver the full benefits of the Information Society to the citizen-user, massive investment is needed in "Next Generation" networks and services. Regulation needs to encourage this investment in sustainable competition, and while the regulatory Framework should be sufficiently flexible to do this, specific aspects may need to be re-assessed by the Commission and European regulators Group going forward.

**3. In each of your top 3 priority areas, what are the priority actions to be launched by national policy agendas or by EU level initiatives (regulation, legislation, pilot projects, raising awareness, exchange of best practices)?**

Given the fundamental prerequisite of the development of electronic communications networks and services for the successful achievement of the Information Society envisaged by the eEurope initiative, UNICE considers that a priority action for public authorities beyond 2005 must be the full and proper implementation of the New Regulatory Framework for electronic communications, and its applications to all market players in a way that allows for the sustainable, long-term development of the sector. In this sense, with the new framework in place and faced with the enormous investment challenges that will be required over the coming years, public policy initiatives must aim to develop of a balanced approach that strives to mitigate the regulatory risks for those who invest in the industry on the one hand, whilst on the other hand promoting the adoption and use of ICT by society at large.

In particular, with regard to the clusters identified by the Commission Communication:

1. Trust and dependability

UNICE believes that enhancing awareness is fundamental to enhance the information and network security. In order to elevate awareness, public authorities at local, national and EU level should encourage more open and transparent collaboration with business to combat cyber-crime. ENISA is an important vehicle to launch pan-European cyber-security awareness campaigns.

At the EU-level, an evaluation of the several directives on e-business and privacy should start. Simplification is often possible, since this leads to transparency. Further harmonisation is sometimes useful, e.g. in the way Member States address spam in business-business trajectories.

**What needs to be done**

- ⇒ EU: A thorough evaluation of the effectiveness of directives in force affecting the e-business environment
- ⇒ EU: Simplify and clarify data protection requirements whilst avoiding unnecessary sectoral data protection measures, as well as burdensome data retention legislation
- ⇒ EU and national level: Awareness-raising, benchmarking activities and identify and exchange best practice.

## 2. Public services

UNICE believes that this is one of the most important policy instruments for public authorities at both national as well as EU level to stimulate the development of ICT usage is the capabilities of all government agencies on all levels to be competent and demanding users of and customers for ICT. eGovernment policy should move from connectivity to the uptake of complex ICT application supporting the overall objective to elevate the ICT usage. Furthermore, this will provide benefits in other important areas, e.g. network and information security.

### **What needs to be done**

- ⇒ EU and national level: Develop an EU 'ICT-Maturity-Index' in close collaboration with Member States and stakeholders
- ⇒ EU and national level: Boost ICT-related R&D
- ⇒ National: Make public services interactive and available online

## 3. Interoperability

UNICE believes that interoperability through standardisation is desirable. It is important to recognise the various standardisation activities of the Commission but these activities must be properly coordinated and accessible to all relevant stakeholders, and in particular consider the need of SMEs. However, any such initiatives must be technically neutral and transparent, bringing on board all relevant stakeholders.

### **What needs to be done**

- ⇒ EU: Continue market-led standardisation efforts with close attention being paid to the needs of SMEs