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At the turn of the millennium it has become clear that Europe urgently needs to catch up with the information society. For that reason EU leaders accepted the Europe Action Plan 2002 two years ago. This marked a strong commitment of European leaders to accelerate Europe's transition to a knowledge based economy. That is really what we needed and it has had a positive impact. We have been able to accelerate the decision making, so that we have now a modern telecommunication regulatory framework. Pan-European research networks studied the function last year. Really a lot of emphasis is put on the information security issue today. At the same time we have gained a more accurate vision of the achieved progress at EU-level and at national level on the basis of bench mark policies. In my view the internet is on top of the agenda for all EU-member states. But we cannot be complacent, we must remember that, when the Europe Action Plan was presented NASDAQ had just reached the peak. Today the enthusiasm is far away, people wonder whether new economy is already history, whether it is all over. This caution is legitimate, but my firm answer is: No, it's not over! The opportunities are there, and much work still needs to be done. People want to see that. Information and Communication Technology gives us enormous possibilities to create more efficient public services at a better quality.

Let us first go to the new regulatory framework, which was accepted by government and parliament last year. In the beginning the aim of EU telecommunication policies was to encourage the introduction of high quality services at low prices to European citizens. We have used both liberalisation and harmonization rules to create conditions for a competitive and dynamic market, any new entrance in which will develop services and push prices down. The new regulatory framework for electronic communication will formally come into force in May next year. There will be eighteen months to transpose it into legislation. It is more flexible than the existing one, simpler, lighter; providing great regulatory stability. It is designed to push competition.

1. The new framework drastically cuts away the unnecessary red tape, which obstructs the entry to the national market. Individual licenses are replaced by general authorizations to provide services. This removes any possibility for regulators to insist, as many do today, on checking compliance with license conditions, before allowing telecom operators to start offer services to consumers and businesses.

2. As we know that we are living in a converged world, distinctions between different transmission infrastructures are artificial and will only create a bad incentive to investment. That is why the new legislation is based on technological neutrality. It meets the requirements of the internet driven converters between telecom computers and media and gives the EU a pro competitive regulatory framework. The new telecom package is one of the most advanced in the world.
3. The new framework is flexible. I will allow regulation to be rolled back ensuring that regulatory obligations and market players are in harmony as soon as markets become competitive. The aim is, when markets are competitive, we will not regulate any longer.

As regards the definition of market: When prices are capable of changing all the time from member state to member state, if market conditions are different. This is in contrast to the existing framework, where the markets are pre-defined by law. The new framework will also regulate, though only when necessary. After all, the companies' prices require giving competitors the possibility for substantial interventions in the market.

With the existing EU-law the threshold, at which national regulatory authorities can impose obligations is based on 25% market share. Under the new framework the threshold will be based on the competition law concept of dominance. It should ensure that any regulatory intervention takes place only when absolutely necessary. Using the dominance concept also ensures that the threshold is applied by regulators consistently across the EU. Consistent application is the fourth key scheme in the new framework. In particular I mean consistency such that the internal market is not compromised due to the increased flexibility, which regulators will enjoy. I have mentioned that the market definition has one area, where there is much more flexibility than in others under current directives. Regulators can also much more decrease the obligations imposed on operators with significant market power. They may choose from a maximum list those remedies that are most appropriate for their national circumstances.

To counterbalance all this flexibility at national level in order to avoid refragmentation of internal market, the new framework has a system of checks and balances. On the one hand it consists of procedures for consultation and transparency across the EU, national regulators are obliged to cooperate with each other and with the commission on issues that might affect the internal market. On the other hand the new framework gives the commission the power to require national regulatory authorities to withdraw national measures in key areas linked to the functioning of the market. This covers measures on market definition as well as the non-designation of undertakings with significant market power. Consistencies are also a key driver for the adoption of spectrum decisions, a key part of the package agreed in December. The new framework contains the major information often overlooked by the outside world. It establishes for the first time a community framework for radiospectrum policy. It should ensure that the previous lack of coordination will become a thing of the past.

We now need to focus more on services and less on infrastructure. That is exactly what we are now planning in order to propose an Europe 2005 Action Plan in a few weeks time. The Barcelona summit asked the commission to do that, and I hope that we will be able to do so by the end of May.

For me there are five priorities:

1. We need to promote attractive content services and applications
2. We need to provide intact public service on line
3. We need to achieve digital inclusiveness
4. We have to promote broadband internet access
5. We have to ensure trust and confidence in cyberspace

We are here talking about households connected to the internet. When we started two years ago, the internet penetration was below 20% in the EU. Now we can see, that the average penetration rate has gone up to 40%. We have doubled the rate within two years.

In the past we put the emphasis on technology and regulation. The ultimate goal was to serve the user. But the user was not always in the center of our policies. From now on we must build our policies around the users so that the technology really appeals to them. The non-perspective makes immediately clear, that contents, services and applications are decisive. What people are looking for when they go on line are contents, services and applications, which they can enjoy, which simplify and improve their lives. And they must be localized to reflect the European context when they are diverted into cultures and languages. If our goal is an internet for all, this will only happen, if the content is in the user's mother tongue.

Likewise contents must be available through the full range of terminals: Computer, mobile phone, TV set etc. It is the only way. The diversity of the user must be supported, new platforms, such as mobiles etc., must be made a success. Developing the contents will primarily be done for the market, but governments can make a difference. We are moving to this direction in the EU with our E-content program, which enforces the development of European multimedia and multilingual contents. Today the public sector is the biggest single holder and producer of contents in Europe.

Governments also make a difference by providing public services on line. E-government has now priority in all European countries. This was confirmed at the E-government conference which we held in Brussels in November last year. But still, when you look at the real applications, you see, that many have web-sites, but very few have interactive services. And this is the key to modern public services. The EU has identified 20 basic on line public services, 12 for citizens and 8 for businesses,

ranging from an enrollment in higher education, etc., to a VAT declaration. Full interactivity for essential public services seems a natural objective.

But putting public services on line is not enough to achieve efficiency gains. As in the private sector the change in the front office goes hand in hand with back office reorganization and investment in human capital. Of course, productivity is only one half of the public service equation. The second is equity, as a government must equally serve all its citizens. It is also important to know that no government application can be done without very strong commitment at the top. The normal advice is: Have visions but start small and go fast.

Health is an area that deserves particular attention. It is of growing importance for all European citizens in all countries. At the same time we are confronted with rising health expenditures. My conviction is that E-health is a major win-win opportunity. It can help to meet the challenge at the level of public health costs, at the same time the quality of health services are improving. For that reason E-health will be a key priority of Europe 2005.

It is a major issue for any government that it guarantees social and human coherence in the knowledge society; that it also gives the ability and the opportunity to draw a benefit from this change. But this is not only a social imperative, it is also a condition for economic growth. The higher the number of people on line is, the higher is the economic benefit.

There are of course many areas where we must address the question of inclusion. One is education. When schools are connected, a change in the picture of internet connected homes will happen. Those families who have children want to have a connection. Singles use internet less often. So the real base is in schools. For the training technology provides new tools such as distance learning, E-learning to give new skills; it is really important to use those opportunities. It is also important to assess the social challenge. It is going to be possible to guarantee internet access through different technological platforms and terminals. If we are going to have digital television, where we have return channels to internet, or mobile terminals with access to internet services, we can cover the whole population. That is why I say, the different technological platforms must compete each other but they will also complete each other.

The individual: People with special needs, in particular the elderly and sick and disabled are often excluded from the internet. However, this technology can in fact ease their social integration. We have a lot of technological applications already available, but we are missing active government policies to use them. Switzerland is a typical country where of course the full geographical coverage is always a major political objective. It is very important, that we guarantee basic internet services, which are available throughout the European territories.

Why do we need broadband? Because once people are connected, they want higher speed for better users' comfort. This will allow providing new and better services, both in the commercial and public respect. Broadband is the key to greater productivity games, economic growth and social benefits. Today high speed internet access works mostly by ADSL and cable modem. Concerning this point the situation in Switzerland is not yet clear. Only unbundling pushes incumbents to innovate, this is my position. When you have competing ADSL operators and cable operators, you already create pretty good conditions. But it is not the solution because technology is steadily moving forward. For instance when we need high quality video or tele medicine. Of course it is possible that you need still higher speed. I want to cover the whole European territory with broadband. You need satellites, third generation mobiles, cyberoptics and fixed wireless access. It is important to have a horizontal level for different technological platforms to guarantee that there is a competition and that the consumer and the client can choose.

Some claim that broadband still faces the chicken and the egg dilemma. What comes first, the contents or the network? We all know the story of the donkey, who starved itself to death between the bucket of water and the ration of oaths as it was not able to decide where to start. Let's not do that. I think we must move parallel with both issues, to get better structures from broadband and to improve the supply of the contents.

At EU-level we have to maintain favorable legal conditions. Unbundling has started, though not without delays. The EU has recently adopted a new regulatory framework, as I said, about telecommunication, which will be implemented next year. Key feature is that it is technologically neutral. That means, the same rules apply to all communication infrastructures. It will enable competition between the pipes. It is the best way to accelerate investment. At local level there is a lot of dynamism with a wide range of approaches to solve the problems, although sometimes conflicting. It includes sharing facilities such as dots and antennas. But if local communities create obstacles for broadband, it can totally destroy all the effort that the public sector is making, or that the market would be able to make. It is very important that the local communities are able to exchange the best practices.

It will be important to have some European good practice bench mark, which will be followed. Otherwise no investment will be done.

Finally the national government must take several measures to implement EU-legislation, support local initiative, exchange best practices and possibly even develop financial instruments such as incentives. What we need is an European strategy for broadband which harnesses the activities at all levels and governments. Launching this strategy will be another key priority for Europe 2005. It will be presented later this month and I hope, will be adopted by the Seville Summit in the end of June.

The determinant factor for the development of the knowledge society is users' trust in the network and in the service providers. In reality a growing number of users

experience serious problems. Over a year spamming has tripled and virus attacks more than doubled. Here we face yet another dilemma. We all want an open internet and as easy to use as possible, but that makes the internet more vulnerable. That is why we have always tried to find the right balance between freedom and security. Today our priority must be ensuring a proper implementation of EU legislation related to information network security and a quick adoption of outstanding legislation. This also includes the need of increasing awareness of developing the best practices to get the teams responsible for computer emergencies work in a coordinated manner. This is how to increase security in E-government. But it will not be enough. As for security we will even have to take further steps forward.

1. Much as the internet is global, as much so must our policy be. There must be international dialog and cooperation in the field of security.
2. We need to re-enforce our means of action at EU-level, therefore we need a permanent structure to handle security.

Let me finish by reminding you again, that there will be areas in which new additional measures will be required to be taken. The main priority is the necessity of contents for users' language; for public sector information, E-government, E-health and E-learning. We must also make progress in E-business, especially by guaranteeing that small and medium sized businesses will all be connected.

The business-to-consumer issue is not the most important one. But business-to-business networks must be connected. As Shakespeare once said, to be or not to be, that is the question. These issues must be complemented by ambitious broadband security. Making EU 2005 a success will require a lot of work and imagination by everybody concerned. Not only at EU-level but all over Europe, also in this country, despite the fact that the novelty of the internet has worn off. We have come a long way, but it does not make the remaining distance any shorter. Thank you very much for your attention.