



*European Economic and Social Committee*

**TEN/426**  
**A Digital Agenda for**  
**Europe**

Brussels, 13 December 2010

**OPINION**

of the

European Economic and Social Committee

on the

**Communication from the Commission to the European Parliament, the Council, the European  
Economic and Social Committee and the Committee of the Regions**

**A Digital Agenda for Europe**

COM(2010) 245 final

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Rapporteur: **Mr McDonogh**

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On 19 May 2010 the European Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

*Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions*  
*A Digital Agenda for Europe*  
COM(2010) 245 final.

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 16 November 2010.

At its 467<sup>th</sup> plenary session, held on 8 and 9 December 2010 (meeting of 8 December 2010), the European Economic and Social Committee adopted the following opinion by 83 votes. with 1 abstention.

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## 1. **Conclusions**

- 1.1 The Committee welcomes the Communication from the Commission on A Digital Agenda for Europe. The Committee shares the concern of the Commission regarding the damage done to European economic and social progress by the financial crisis. The Committee agrees that the great potential of information and communication technologies (ICT) can be harnessed to mobilise the digital economy to provide a critically needed stimulus to growth and increasing living standards for Europeans. Furthermore, the Committee agrees with the Commission that the diverse policy initiatives covering the field of ICT and the Digital Agenda need to be unified and managed under a coherent plan of action.
- 1.2 However, although some parts of the Communication are well written and clearly outline the policy initiatives to be taken, other parts - for example the section dealing with the ICT-enabled benefits for EU society and the section on the international aspects of the Digital Agenda - are still vague on the action plan. The Committee expects that there will be a proper elaboration of all elements of the Digital Agenda in due course and full consultation on the detailed initiatives, in which it will duly participate.
- 1.3 The Committee notes the problems identified by the Commission, which are inhibiting the development of a vibrant digital economy in Europe - in particular the problems of

commercial, cultural, and legal fragmentation of a Union comprising 27 countries, and the persistent underinvestment in networks, ICT education and research & innovation.

- 1.4 However, these problems have been the focus of EU concerns for a long time and, despite years of policy focus and action plans, progress has been less than anticipated. Now, in 2010, it is unacceptable that 30% EU households still do not have Internet access<sup>1</sup>; and that in the midst of economic crisis, Europe is unable to rely sufficiently on growth in the digital economy to help us recover quickly.
- 1.5 Although Europe is one of the most networked regions in the world, the complexity, lack of accessibility and usability of many ICT-based products and services represents a major barrier to inclusion for many people, especially the elderly and those with a physical disability. Europe has to focus on how better design of ICT products and services can respond to the needs of an ageing society and people with disabilities, also taking into account the objectives of the respective United Nations Convention.
- 1.6 It is frustrating for the Committee to be continuously calling, to no avail, for the inclusion of Internet connectivity in the Universal Services obligation. If the EU is serious about the Digital Agenda and the principle of e-Inclusion then action needs to be taken quickly on this issue. The Committee recognises the funding challenges posed by this measure and we recommend that EU funding should be made available to infrastructure providers based on transparent, objective and proportionate criteria.
- 1.7 Everyday the EU is becoming less competitive than the US, Japan and South Korea in advanced ICT infrastructure, ICT R&D expenditure and citizen participation in the digital economy. This decline in global competitiveness has to be reversed by aggressive policy initiatives, effectively implemented.
- 1.8 The Committee believes that the unsatisfactory progress towards achieving European objectives regarding ICT and the digital economy is due primarily to inadequate execution of policy initiatives at European and national levels: we knew what had to be done but we didn't do it. The Committee calls on member states to implement directives and recommendations regarding the Digital Agenda with urgency.
- 1.9 The Committee believes that the market alone cannot properly regulate itself for the benefit of the public good. Therefore, a balanced regulatory framework is needed to promote the interests of the greater number of citizens, as intended by the 2020 strategy.
- 1.10 The Communication is a timely expression of much-needed leadership and a management approach to achieving the Digital Agenda for Europe as part of the Europe 2020 Strategy<sup>2</sup>.

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<sup>1</sup> Eurostat press release STAT/09/176.

<sup>2</sup> EUROPE 2020 - A strategy for smart, sustainable and inclusive growth - COM(2010) 2020 final.

The Committee compliments the Commission on the governance and stewardship provisions included in the Communication to ensure proper and timely implementation of this critical agenda. However, the Commission now needs to produce a detailed strategy implementation document for the Digital Agenda to focus on effective execution.

- 1.11 The Committee supports the "Seven pillar" action plan outlined in the Communication and compliments the Commission on its work. Although the details will require much more elaboration for proper consideration, the Committee believes that the high-level plan is reasonably comprehensive and mostly correct.
- 1.12 However, the Committee is surprised that the Galileo programme, an important investment in Europe's ICT future, has been excluded from the Communication. The Committee calls upon the Commission to ensure that Galileo is explicitly included in the Digital Agenda action plan and refers the Commission to the opinions by the EESC concerning the programme<sup>3</sup>.
- 1.13 The Committee looks forward to consultation, in due course, on the specific Communications from the Commission regarding each detailed aspect of the Digital Agenda.

In formulating those Communications, the Committee directs the attention of the Commission to numerous previous Opinions by the EESC<sup>4</sup> which commented on the need for a secure, vibrant information society, a strong European ICT industry and a productive, high growth digital economy.

## 2. **Recommendations**

- 2.1 Ubiquitous high-speed connectivity must be included within the scope of the universal service definition<sup>5</sup>, with suitable funding mechanisms.
- 2.2 Funding should be increased for ICT skills development and knowledge & awareness programmes for citizens and SMEs. Information and support functions should be established in member countries to help SMEs and citizens understand and participate in the digital economy.

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<sup>3</sup> OJ C 256, 27.10.2007, p. 73; OJ C 324, 30.12.2006, p. 41; OJ C 324, 30.12.2006, p. 37; OJ C 318, 23.12.2006, p. 210; OJ C 221 8.9.2005, p. 28; OJ C 302, 7.12.2004, p. 35; OJ C 48, 21.2.2002, p. 42.

<sup>4</sup> TEN/417 *Transforming the digital dividend into social benefits and economic growth*, - Not yet published in OJ; OJ C 255, 22.9.2010, p. 116 and OJ C 77 31.3.2009, p. 60; TEN/402 *Improving "participative public-private partnership" models in deploying "e services" for all in the EU* 27; Not yet published in OJ; OJ C 255, 22.9.2010, p. 98; OJ C 128, 18.5.2010, p. 69; OJ C 317, 23.12.2009, p. 84; OJ C 218, 11.9.2009, p. 36; OJ C 175, 28.7.2009, p. 8; OJ C 175, 28.7.2009, p. 92; OJ C 175, 28.7.2009, p. 87; OJ C 77, 31.3.2009, p. 63; OJ C 224, 30.8.2008, p. 61; OJ C 224, 30.8.2008, p. 50; OJ C 97, 28.4.2007, p. 27; OJ C 97, 28.4.2007, p. 21; OJ C 325, 30.12.2006, p. 78; OJ C 318, 23.12.2006, p. 222; OJ C 110, 9.5.2006, p. 83; OJ C 123, 25.4.2001, p. 36.

<sup>5</sup> COM(2005) 203 final, and EP and Council Directive 2002/22/EC on universal service and users' rights relating to electronic communications networks and services.

- 2.3 Given the commitment to eInclusion in the Digital Agenda, the Council should support initiatives across the EU to introduce school children, older citizens, and socially disadvantaged citizens to the use of broadband technology (e.g. Web-based learning, video conferencing, on-line public services, etc). All education programmes should be based on best practices.
- 2.4 Special focus should be given under the FP7 ICT research programme to the development of a new generation of products and services that will meet the special needs of the elderly, people with disabilities and people with literacy problems.
- 2.5 The encouragement and support of open standards for ICT products and services in Europe should be an explicit component of the Digital Agenda. Open standards facilitate competition and enable SMEs to grow and compete globally.
- 2.6 In addition to increasing the flow of funds to ICT innovation and R&D, the Commission must ensure that there is proper accountability and value for the money invested. Proper investment management practices should apply: investments should be granted on the basis of expected economic and/or societal returns, and all investments should be subject to rigorous stewardship to ensure that projected benefits are delivered.
- 2.7 Governance of R&D investment must ensure that there is good coordination across programmes and projects to maximise benefits and avoid wastage through duplication of effort.
- 2.8 R&D efforts should put a high priority on sustainability by investing in technologies that break the link between economic growth and environmental damage.
- 2.9 Priority could be given to funding innovative technologies that would build on Europe's global lead in wireless and mobile communications, to provide universal high-speed Internet connectivity, possibly by using spectrum that becomes available as broadcasting and other activities reduce their demand for bandwidth (so-called "white-space")<sup>6</sup>.
- 2.10 The Committee calls on the Commission to explicitly include the Galileo programme in the objectives and resources of the Digital Agenda. Funding should also be made available to stimulate technology and applications that will be able to use the highly accurate location global navigation signals provided by Galileo's services<sup>7</sup>.

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<sup>6</sup> See opinion TEN/417 *Transforming the digital dividend into social benefits and economic growth* (not yet published in OJ) and [http://www.economist.com/blogs/babbage/2010/09/white-space\\_wireless](http://www.economist.com/blogs/babbage/2010/09/white-space_wireless).

<sup>7</sup> Galileo's services will include: Open Access Navigation, Commercial Navigation, Safety of Life Navigation, Public Regulated Navigation and Search and Rescue.

- 2.11 The EU should continue to fund R&D around the Internet of Things<sup>8</sup>, which will be manifested by technological advances in wireless technologies, the Internet and Galileo.
- 2.12 Investment in R&D related to Critical Information Infrastructure Protection (CIIP) issues should be increased significantly<sup>9</sup>.
- 2.13 The European Union should vest responsibility in an appropriate regulatory authority, including members of the European Agency for Fundamental Rights, to implement effective protection for critical information infrastructures across the EU<sup>10</sup>.
- 2.14 A strong information security industry, which is organised in a coherent and coordinated fashion, should be fostered in Europe to match the competency of the very well financed industry in the US<sup>11</sup>.
- 2.15 The Commission must be mindful to protect the interests of the citizens when working with global ICT companies to implement the Digital Agenda.
- 2.16 As a general principle of policy, the public interest – the "public good" – should be balanced with private and business interests.
- 2.17 The Commission should take any possible measures to ensure that Member States rigorously enforce the regulatory framework for electronic Communications<sup>12</sup> and that implementation is even, balanced and universal in all 27 member states.
- 2.18 To ensure proper compliance with regulations, the powers of communications regulators in the member states and at the EU-level, should be strengthened along similar lines to the powers and authority of the European Aviation Safety Agency (EASA)<sup>13</sup>.
- 2.19 Considering the growing importance of mobile ICT, Europe should move quickly towards a more market-based approach to spectrum management, with more empowerment of market players and the introduction of more widespread spectrum trading, and with less national bureaucratic prescription on bandwidth allocation<sup>14</sup>.

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<sup>8</sup> See OJ C 255, 22.9.2010 p. 116 and OJ C 77 31.3.2009, p. 60.

<sup>9</sup> See OJ C 255, 22.9.2010, p. 98.

<sup>10</sup> Ibid.

<sup>11</sup> The cumulative market value of the US Federal Cybersecurity market is estimated at \$55bn (2010-2015), a compound annual growth rate of 6.2% over next 6 years - <http://www.marketresearchmedia.com/2009/05/25/us-federal-cybersecurity-market-forecast-2010-2015/>.

<sup>12</sup> Directive 2002/21/EC on a common regulatory framework; Directive 2002/19/EC on access and interconnection; and Directive 2002/77/EC on competition in the markets for electronic communications services.

<sup>13</sup> <http://easa.europa.eu/>.

<sup>14</sup> See TEN/417 *Transforming the digital dividend into social benefits and economic growth* (not yet published in OJ); OJ C 97, 28.4.2007, p. 27; and OJ C 224, 30.8.2008, p. 50.

- 2.20 Member States should be encouraged by the Commission to assert their national interests in the development and use of trunk-level transmission and switching networks for the achievement of national policy objectives: like closing the broadband gap. This can be achieved by working with telecommunications companies in Public Private Partnerships<sup>15</sup>.
- 2.21 In areas of high population density across the Union, incentives should be given to infrastructure providers to install fibre to the home (FTTH).
- 2.22 The availability of useful online content and services is a key driver of online activity. Governments, public authorities, utility companies and other businesses should accelerate their web developments and the migration of customers to an online relationship.
- 2.23 Innovative ways should be found to accelerate the provision of high quality online user experiences by businesses for their customers. In this regard, special attention should be given to developments in the use of online video content.
- 2.24 Investment should be targeted at finding innovative solutions to the challenges caused by language diversity in the EU. The US and other large economies with a lingua-franca have an advantage when it comes to developing a single, coherent online market for goods and service. Language diversity is a special challenge for the 2020 vision.
- 2.25 Consideration should be given to implementing a European electronic identity (eID) to each citizen which would facilitate the delivery of eServices and online commerce.
- 2.26 The Commission should implement an EU-wide certification and labelling scheme for e-traders so that consumers can have universal protection when buying goods and services on-line, regardless of national boundaries. Such a scheme would increase consumer confidence in e-commerce.
- 2.27 When making cross-border purchases citizens need confidence that their personal data and money is secure; privacy must be guaranteed and personal data must be stored safely.
- 2.28 The Commission needs to put a licensing system in place for call centres to ensure the protection of EU citizens private data and money when conducting business through call centres, particularly call centres located outside of the EU.
- 2.29 Consideration should be given to implementing protections for consumers who make a mistake when confirming an on-line purchase. It is too easy at present for consumers to make

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<sup>15</sup> See TEN/402 *Improving "participative public-private partnership" models in deploying "e services" for all in the EU* 27 (not yet published in OJ).

expensive errors when confirming an airline reservation or other purchase. Perhaps all such transactions should include an "undo" button.

- 2.30 Special focus must be put on e-Commerce involving children, with appropriate rules and Codes of Conduct.
- 2.31 The EU should fund a strengthening of Europol's capability to fight cybercrime. The EU needs to be vigorous in prosecuting cybercrime with strong uniform punitive measures across the Union for offenders.
- 2.32 The Commission should produce a strategy implementation document to elaborate on the "Implementation and Governance" section of the communication. The Committee believes that without a detailed, coordinated implementation plan the objectives of the Digital Agenda will not be achieved.
- 2.33 The Commission should maximise the use of ICT governance tools to support the execution of the Digital Agenda.
- 2.34 The EESC will establish a standing group to focus continuously on the critically important development and execution of the Digital Agenda.

### 3. **Background**

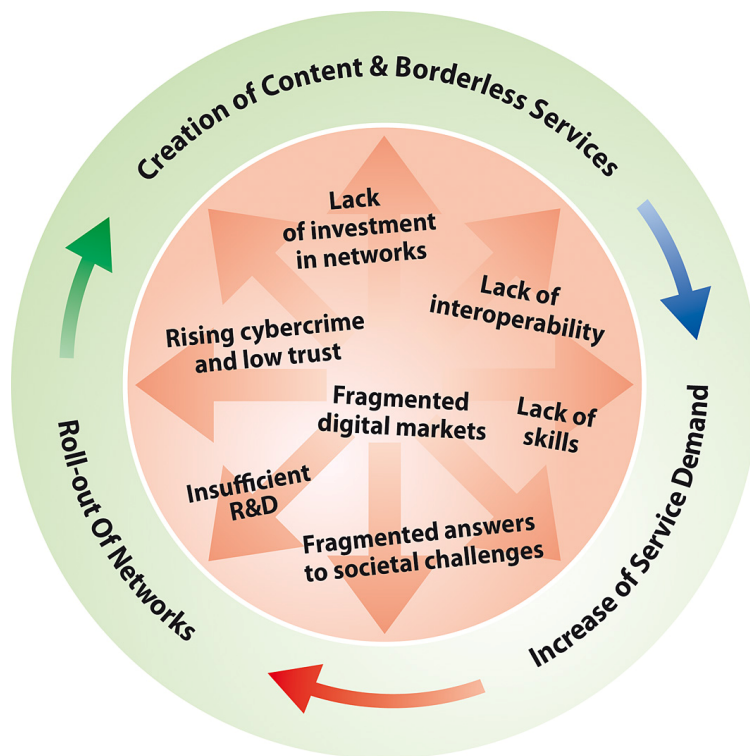
- 3.1 The Digital Agenda for Europe is one of the seven flagship initiatives of the Europe 2020 Strategy, set out to define the key enabling role that the use of Information and Communication Technologies (ICT) will have to play if Europe wants to succeed in its ambitions for 2020. This major policy initiative received the full backing of the ministers responsible for the Information Society Policy of the EU at the Informal Ministerial Meeting in Granada, Spain in April 2010<sup>16</sup>.
- 3.2 The Need for A Digital Agenda for Europe
  - 3.2.1 The objective of the Digital Agenda is to chart a course to maximise the social and economic potential of ICT.
  - 3.2.2 The great potential of ICT can be mobilised through a well-functioning virtuous cycle of activity, depicted in the outer ring of **Figure 1** below.

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<sup>16</sup> [http://www.eu2010.es/export/sites/presidencia/comun/descargas/Ministerios/en\\_declaracion\\_granada.pdf](http://www.eu2010.es/export/sites/presidencia/comun/descargas/Ministerios/en_declaracion_granada.pdf).



**Figure 1: Virtuous cycle of the digital economy**



3.2.3 But while the transformational power of ICT is clear, serious challenges must also be confronted in order to harness it. The Commission has identified the seven most significant obstacles. These are listed in the inner ring of **Figure 1**.

3.2.4 Because of these obstacles Europe is lagging behind its industrial partners: 30% of Europeans have still never used the internet; Europe has only 1% penetration of fibre-based high-speed networks whereas Japan is at 12% and South Korea is at 15%; and EU spending on ICT research and development stands at only 40% of US levels.

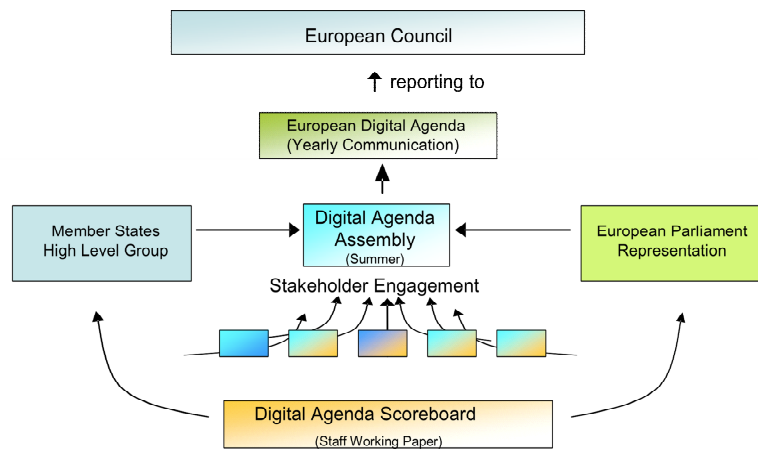
3.3 The Digital Agenda proposes actions that need to be taken urgently to tackle the seven most significant problem areas affecting the transformational potential of ICT to get Europe on track for smart, sustainable and inclusive growth.

3.4 The policy initiative includes one hundred actions and 13 key performance targets to be progressed over the next ten years, including more than thirty legislative initiatives. The Agenda is organised into seven policy pillars and recognises the critical, global dimension to achieving its objectives.

3.5 Implementation and Governance

The following diagram depicts the governance structure proposed to manage the implementation of the Digital Agenda:

**Figure 2: The European Digital Agenda Governance Cycle**



#### 4. Comments

- 4.1 Inadequate execution of policy initiatives have acerbated the inertia in the European digital economy caused by fragmentation and underinvestment. It is vital that the Commission uses the "flag-ship" of the Digital Agenda to galvanise good leadership and management practice to deliver Europe the high-growth digital economy it needs.
- 4.2 As the scale and intensity of investment in ICT and the stimulation of the digital economy increases, it is important that EU spending plans are accompanied by better and more stringent stewardship and accountability.
- 4.3 Efficiency and effectiveness of EU R&D spending on ICT is of critical importance because we need to maximise the benefits received from the substantial investments that will be made. It is important that R&D programmes and projects are distinct and not wastefully duplicated at national, international nor technology-sector levels.
- 4.4 Europe is too dependent on giant global ICT companies for software and services. Only one European company is in the global ICT top ten – Nokia – and only one European company is in the global software top ten – SAP.
- 4.5 Open standards have played a critical role in the development and success of the Internet. Europe should explicitly encourage open standards to facilitate competition and lower the barriers-to-entry into the market for start-ups, including private sector and social economy entrepreneurs. Strong support for open standards under the *Interoperability and Standards*

action plan would also aid the development of European ICT companies that can compete globally.

- 4.5.1 The EU needs to create the economic environment in Europe that encourages the development of innovative and strong ICT companies which can eventually compete on a global stage.
- 4.5.2 A good "home market" is critical to growing vibrant SMEs into the global giants of tomorrow; the problems of fragmented digital markets and lack of interoperability have to be tackled to support the latent potential of Europe's ICT companies.
- 4.6 The massive spending by the US on ICT is causing a brain-drain from Europe. The US Federal IT market is expected to have a cumulative value of \$530bn from 2011-2015, reaching an annual spend of \$115bn by 2015. Europe needs to aggressively target spending on ICT if it hopes to keep-up with the pace of development in the Digital Age.
- 4.7 With news of the Stuxnet virus attacking critical industrial control processes<sup>17</sup>, the issue of cybersecurity and Critical Information Infrastructure Protection is high on government agendas.
- 4.7.1 Europe today is already heavily dependent on ICT for the creation of wealth and our quality of life. It is important that our growing dependence on ICT is matched by an increasing sophistication of security measures to protect critical information infrastructure (power, water, transport, security systems etc.) and to protect citizens from cybercrime.
- 4.7.2 The Committee refers the Commission to its opinion on the protection of Critical Information Infrastructure<sup>18</sup>. In particular, the Committee believes that Europe needs strong leadership with power vested in an appropriate authority to adequately protect the EU from attacks.
- 4.8 The Commission's Green Paper on Demographic Change highlights the demographic shift in Europe to the rapid ageing of its citizens accompanied by a diminishing number of young people. Although this presents many challenges, there are also opportunities involving technological innovation that can enhance the quality of life for older and impaired people, mitigate the economic problems of an ageing population, and create new economic and business opportunities in Europe. It is assumed that new ICT for elderly people will play an important role in solving some future problems. Europe therefore has to plan how technology can respond to the needs of an ageing society, as ICT can help to improve their quality of life, stay healthier, live independently for longer and remain active at work or in their community.

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<sup>17</sup> <http://www.nytimes.com/2010/09/27/technology/27virus.html>;  
and <http://www.ft.com/cms/s/0/e9d3a662-c740-11df-aeb1-00144feab49a.html?ftcamp=rss>.

<sup>18</sup> OJ C 255, 22.9.2010, p. 98.

A wide range of services could be offered in the area of communication, shopping, safety and health to name a few.

- 4.9 Because the interests of European citizens and those of the global ICT companies are not always aligned, the interests of citizens must be balanced with those of business.
- 4.10 Language diversity is a special challenge for Europe when trying to create a vibrant single market for online goods and services. More investment is needed to create innovative solutions to this challenge.
- 4.11 The availability of high quality content and services on the web is a fundamental driver of user adoption. The roll-out of services by governments and public authorities across the EU is very patchy and more needs to be done to help those lagging behind to drive their programmes forward; in particular, much more could be done in the area of e-procurement for public goods and services.
- 4.12 Fostering a cross-border e-commerce economy in the EU is a highly complex process. To get beyond the "early adopters", e-commerce must be easy and secure. Today the legal, linguistic, cultural and technological fragmentation between the 27 member states of the EU creates significant barriers to growing an open EU-wide e-commerce economy. These problems need to be tackled one-at-a-time, but the introduction of an e-ID for every citizen and the pan-EU certification of e-traders would go a long way to easing the problems.
- 4.13 A good example of e-trader certification exists in the Netherlands. The trade association of online sellers has set up a certification institute with an independent supervision board. All members of the association must follow a code of conduct and use a standard customer contract, agreed with Dutch Consumer Organisation - Consumentenbond. With certified e-traders the customers have recourse to a structured complaints procedure to resolve disputes. Awareness of the certification is high with, 83% of online consumers recognising the certification label. The Committee expects that the Commission will take action to implement an EU-wide certification scheme for e-traders.
- 4.14 As people start using the web and the Internet for the first time, they are particularly vulnerable to cybercriminals and unscrupulous traders. Vulnerable users, whether adults or children, need to be given every protection that would help them enjoy a safe online environment<sup>19</sup>.
- 4.15 The Commission could introduce a disability-specific section in its Annual Progress Report, in order to identify and measure the progress made in this respect under the Digital Agenda for Europe.

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<sup>19</sup> The EESC has issued several opinions on this subject during the last 15 years. For the two most recent ones see OJ C 128, 18.5.2010, p. 69 (*Impact of social networking sites*), and OJ C 224, 30.8.2008, p. 61 (*Protecting children using the Internet*).

4.16 In a European online economy without borders it is important that Europol is equipped to police commercial and social activity to keep it safe for all.

Brussels, 8 December 2010.

The President  
of the  
European Economic and Social Committee

Staffan Nilsson

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