

COM-1/021

Brussels, 6 October 2000

**OPINION**

of the

Committee of the Regions

of 21 September 2000

on the

Commission Staff Working Paper

on

**Information society and regional development -**

**ERDF interventions 2000/2006: criteria for programme assessment**

(SEC(1999) 1217)

**The Committee of the Regions**

**HAVING REGARD TO**

- the decision taken by its Bureau on 11 April 2000, under the fifth paragraph of Article 265 of the Treaty establishing the European Community, to issue an opinion on the information society and regional development - ERDF interventions 2000/2006 and to entrust Commission 1 (Regional Policy, Structural Funds, Economic and Social Cohesion and Cross-border and Inter-regional Cooperation) with the preparation of that opinion;
- its opinion on the Commission Communication to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on the convergence of the telecommunications, media and information technology sectors and the implications for regulation - results of the public consultation on the Green Paper (COM(1997) 623 final) (COM(1999) 108 final); CdR 191/99 fin<sup>1</sup>;
- its opinion on public sector information: a key resource for Europe. Green Paper on public sector information in the information society (COM(1998) 585 final); CdR 190/99 fin<sup>2</sup>;

- its opinion on the Green Paper on the convergence of the telecommunications, media and information technology sectors and the implications for regulation - towards an information society approach (COM(1997) 623 final); CdR 149/98 fin<sup>3</sup>;
- its opinion on the proposal for a Council Regulation (EC) laying down general provisions for the Structural Funds; CdR 167/98 fin<sup>4</sup>;
- its opinion on the Communication from the Commission on cohesion and the information society (COM(1997) 7 final); CdR 270/97 fin<sup>5</sup>;
- its opinion on learning in the information society: action plan for a European education initiative (1996-1998) (COM(1996) 471 final); CdR 368/96 fin<sup>6</sup>;
- its opinion on the Green Paper on learning and working in the information society: people first (COM(1996) 389 final); CdR 365/96 fin<sup>7</sup>;
- its resolution on the information society: from Corfu to Dublin - the new emerging priorities - the implications of the information society for European Union policies - preparing the next steps (COM(1996) 395 final); CdR 337/96 fin<sup>8</sup>;
- its opinion on the Communication from the Commission on the multilingual information society and the proposal for a Council Decision on the adoption of a multiannual programme to promote the linguistic diversity of the Community in the information society (COM(1995) 486 final); CdR 220/96 fin<sup>9</sup>;
- its opinion on the Communication from the Commission to the Council and the European Parliament about a multiannual Community programme for purposes of stimulating development of a European multimedia content industry in the emerging information society (INFO 2000) (COM(1995) 149 final); CdR 22/96<sup>10</sup>;
- its opinion on the Commission Communication on Europe's way to the information society - an action plan (COM(1994) 347 final); CdR 21/95<sup>11</sup>;
- the draft supplementary opinion adopted by Commission 3 on 26 June 2000 (CdR 167/2000 Corr., rapporteur: **Mr Lucas Giménez**, ES/PPE) and the amendments adopted at that

meeting;

- the draft opinion adopted by Commission 1 on 28 June 2000 (CdR 124/2000 rev. 2, rapporteur: **Mr Tögel**, D/PSE).

## WHEREAS

1. The world economy is being transformed more and more into an information society to which new rules apply and which has an enormous growth and employment potential on account of its intrinsic dynamism.
2. Digital technologies are making information access, processing, storage and transmission ever cheaper and easier.
3. This is creating a new competitive environment for businesses and markets, and also for Europe's regions, which impacts, inter alia, on structural change in Europe.
4. The European Union was quick to recognise the opportunities and challenges offered by the information society and has launched major initiatives to this end. These include:
  - initiatives for liberalising the telecommunications markets in Europe as part of the plan for completing the single European market;
  - the development of a European legal framework for many aspects of the information society;
  - increased support for research and development in this area;
  - the Europe-wide exchange of experience and the networking of European initiatives, and
  - awareness-raising campaigns about the opportunities and risks of the information society.
5. The subject has become particularly topical as a result of important decisions taken at the European summit in Lisbon, where agreement was reached inter alia on the following objectives:
  - bringing every citizen, home and school, every business and administration into the digital age and on-line;

- creating a digitally literate Europe, supported by an entrepreneurial culture ready to finance and develop new ideas;
  - ensuring the whole process is socially inclusive, builds consumer trust and strengthens social cohesion;
  - the *e*-Europe initiative is to cover all sectors of society (and will involve, for example, equipping schools with IT in order to move Europe's youth forward into the digital age, the swifter and non-bureaucratic provision of risk capital in order to prepare small and medium-sized businesses for market access, and gearing information technologies to the needs of persons with disabilities).
6. However, in order to achieve these targets, it will be necessary to overcome numerous barriers to the rapid growth in digital technologies in Europe:
- generally expensive, insecure and slow access to the Internet and e-commerce;
  - an insufficient digitally literate on-line population;
  - lack of a sufficiently dynamic, entrepreneurial, service-oriented culture;
  - a public sector which is not playing a sufficiently active role in enabling the development of new applications and services.
7. It is above all local and regional authorities which plan, carry out, guarantee and in particular finance the actual work involved in setting up the information society throughout Europe, e.g. by developing appropriate regional initiatives.
8. In structurally weak areas in particular, special importance is attached to the strategic guidance provided by support programmes such as the ERDF with its support for productive investment, infrastructure measures and services for small and medium-sized enterprises.
9. For this reason, the Commission states in its staff working paper that it is necessary to examine the role of the Structural Funds in general and the ERDF in particular in supporting the information society. Since the publication of the Bangemann report in 1994, communications infrastructure has been constantly improved and extended and has become profitable; hence the Commission thinks that direct support on the supply side is no longer necessary in every case.
10. However, given the strategic importance of the information society for Europe and the rapid development of telecommunications in technological and economic terms, the Commission thinks that it is necessary to development demand in this area, with special emphasis on the importance of network access for users. The methods used to achieve these objectives also

include the coordination of measures within the EU.

11. The Commission also states that ERDF support should be granted if there is a clear need for public assistance.
12. The Commission therefore intends to focus more on improving demand, since a highly developed infrastructure loses its *raison d'être* if the services available are not interesting for potential users, who are unable to use them properly because of a lack of knowledge or skills.
13. In order to determine suitable support measures in this area, users therefore need to be more involved in discussions at regional level.
14. The Commission also lists the absence of commercial incentives to invest, the lack of private initiative and investment and a growing competitive gap between different zones in a region as the main reasons for granting Structural Fund assistance.
15. The following points should also be borne in mind in the Commission's view:
  - the assistance should fulfil criteria, i.e. it should improve access to networks and their effective use;
  - infrastructure investments should be linked to and determined by the information society development strategy of the region;
  - co-financing should be guaranteed and commensurate with the new regulatory environment.

**adopted the following opinion at its 35<sup>th</sup> plenary session on 20 and 21 September 2000 (meeting of 21 September):**

### **The Committee of the Regions**

1. considers that the information society is a key element in Europe's development and competitiveness in the world economy;
2. points out that the introduction of new information and communications technologies will bring undoubted advantages for the regions and will help Europe to advance along the road of economic and social cohesion;
3. notes that the development of the information society will in future be one of the most important policymaking areas for the EU Structural Funds and that local and regional authorities must be involved in all stages of implementation;
4. stresses that only decisive action by government, in close cooperation with industry, to promote the information society will enable the opportunities offered by the new technologies to be exploited to the full;
5. emphasises that the rapid development of the information society may open up new windows of opportunity for economic development by making areas more attractive as locations for businesses;
6. notes that opportunities exist for creating skilled jobs even in regions and municipalities in structurally weak rural areas, which are often in remote locations and points out that measures

adopted must form part of strategic plans which are fully and coherently integrated with regional development as a whole;

7. considers that the drawing up of the plans and the responsibility for the adoption of the necessary specific measures should rest with the regional and local authorities in order to ensure that investment is tailored to the structural needs and requirements of each region;

8. supports the Commission in its strategic approach, under which the decision as to the most effective combination of measures for a regional investment plan must be the result of a broad-based dialogue at regional and local level involving all interested parties, and specific measures cannot be taken unless they are appropriate to the regional socio-economic structure;

9. considers that government strategies for promoting the development of the information society in Europe should take into account four basic preconditions for the existence of a market in advanced multimedia services:

- the creation and availability of high-quality digital content;
- a comprehensive supply of applications and services accessible to all;
- broad availability of infrastructure offering sufficient capacity and services;
- establishment of a suitable regulatory framework for services derived from technological convergence;

10. states that individuals, as members of society, can benefit from the innumerable services offered by the information society, and that it will be necessary to stimulate investment to boost confidence in the new technologies and the security of networks so that private citizens too can contribute to the demand which makes possible the development of applications, content and services;

11. therefore trusts that the following criterion is observed when providing skills training for potential users: a modern education and vocational training system is vital if workers are to develop the skills to flourish in new economic activities and reap the benefits of the information society. This also includes distance learning and private study using electronic aids plus, in the business sector, the development of these skills with the aid of appropriate training measures;

12. maintains that it is necessary to familiarise all parts of society with the new technologies. The activities undertaken with a view to boosting this social awareness will be crucial for the achievement of the objectives of integration. In order to bring people closer to the information society determined measures will be needed in schools, universities, continuing education, adult education, education for the elderly and for the sections of the population most at risk of exclusion, such as residents of rural areas, fishing areas or remote areas whose distance from the main economic centres may be the source of dysfunctions which only government can remedy;

13. agrees in this connection with the Commission that so far the ERDF has mainly helped to modernise and build up a complete information and communications infrastructure and, in particular, a basic telephony network and that now - since most investments have become profitable - the bulk of the ERDF contribution should focus on the demand side and on creating and consolidating a multimedia services supply market supported by an advanced infrastructure;

14. stresses that government itself is an essential component of demand as a consumer of telecommunications and information services and as a provider of services to citizens. Government should serve as an example to business and to the public by becoming a consumer and provider of information-society services; to this end it will need to open up the relevant public tender

procedures, enabling every bidder to make bids appropriate to its capacity, in the awareness that some of the possible advantages of orthodox technology may in this way be lost. The adoption of the new technologies will undoubtedly bring an improvement in the quality of management and in services provided to the public, whilst improved efficiency and management will bring cost savings for public-sector budgets;

15. demands that opportunities be created forthwith allowing regional and local authorities to help ensure that general and vocational training can keep pace with the challenges of the information society and that future workers acquire the requisite skills. Also included here is the setting-up of citizen-friendly information services and the creation of public Internet access points plus, of course, support for the use of IT instruments by SMEs;

16. points out that firms are another essential component of demand. In carrying out its task of boosting demand, government must bear in mind that SMEs are consumers of information-society services, given the benefits they can derive from integrating the new information and communication technologies into their businesses. To this end, it is necessary to improve firms' familiarity with the technology and make them aware of the business advantages which the information society offers in terms of cost savings and improved profitability. Moreover, the new technologies will permit the integration of different stages of the business process with less need for outsourcing;

17. considers that not only is it necessary to promote the use of the new technologies by traditional firms with a view to modernising their business, but also to promote business innovation by encouraging new small and medium-sized entrepreneurs involved in productive activities relating to the technology sector to influence the development of applications and content and to adopt initiatives for the provision of new services in a sector which is in a state of constant development and change;

18. supports the Commission in (a) fixing new priorities for information society support and focusing on helping SMEs to introduce information and communications technologies in an effective manner and adapting these technologies to their methods of business management and (b) laying down a new timeframe and new framework conditions. This is the only way to bring about genuine economic benefit for commercial enterprises and especially SMEs and to ensure at the same time that the new information networks can be used more effectively and more easily;

19. also thinks that investment in telecommunications infrastructure is justified under certain circumstances, provided that the ERDF contribution satisfies the following criteria:

- support is provided for better access to data networks and their efficient use;
- investment in infrastructure must be linked to and determined by the regional development strategy.

It is understandable in this context that measures which merely serve to modernise existing basic telecommunications infrastructure should no longer be supported as a matter of priority by the ERDF and that investment decisions must be taken by public authorities issuing invitations to tender and not by operators. Support should continue to be given for improving education and training to take account of the information society;

20. would reiterate that ideally ERDF support should not be "implemented through separate measures alongside others. Rather, consideration should be given to incorporating into every measure appropriate information society-related sub-measures";

21. firmly supports the planning and development of regional initiatives in favour of the information society.

Brussels, 21 September 2000.

The President

The Secretary-General

of the

of the

Committee of the Regions

Committee of the Regions

**Jos Chabert**

**Vincenzo Falcone**

<sup>1</sup> OJ C 57 of 29.2.2000, p. 5

<sup>2</sup> OJ C 57 of 29.2.2000, p. 11

<sup>3</sup> OJ C 373 of 2.12.1998, p. 28

<sup>4</sup> OJ C 373 of 2.12.1998, p. 1

<sup>5</sup> OJ C 64 of 27.2.1998, p. 20

<sup>6</sup> OJ C 116 of 14.4.1997, p. 89

<sup>7</sup> OJ C 116 of 14.4.1997, p. 81

<sup>8</sup> OJ C 42 of 10.2.1997, p. 31

<sup>9</sup> OJ C 337 of 11.11.1996, p. 45

<sup>10</sup> OJ C 129 of 2.5.1996, p. 39

<sup>11</sup> OJ C 210 of 14.8.1995, p. 109

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