



*European Economic and Social Committee*

**TEN/512**  
**Digital Growth -**  
**Interim Review**

Brussels, 22 May 2013

**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: The Digital Agenda for  
Europe - Driving European growth digitally**

COM(2012) 784 final

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Rapporteur: **Mr McDonogh**

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On 18 March 2013, 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: The Digital Agenda for Europe - Driving European growth digitally*  
COM(2012) 784 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 30 April 2013.

At its 490th plenary session, held on 22 and 23 May 2013 (meeting of 22 May), the European Economic and Social Committee adopted the following opinion by 156 votes in favour with 7 abstentions.

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## 1. **Conclusions and recommendations**

1.1 The Committee welcomes the Communication on the review of the Digital Agenda by the Commission to focus on priority actions, so urgently needed for economic growth and jobs.

1.2 The European economy is in crisis. According to the Commission, GDP in the EU27 is at best stagnant, and will shrink by a further 0.25% in 2013 within the euro area. Unemployment reached a new record high in February, with 10.9% of the labour force in the EU27, more than 26 million people, unemployed<sup>1</sup>. Greece and Spain continue to suffer the highest rates of unemployment of 26.4% and 26.3% respectively, while the youth unemployment rate in EU27 is 23.5%.

The EESC agrees with the Commission that "... this unacceptably high level of unemployment is a tragedy and that Europe must mobilise all available resources to create jobs and return to sustainable growth"<sup>2</sup>.

1.3 Despite economic recession, the digital economy is growing quickly and creating jobs. In fact, the ICT industry estimates that by 2015 it will have 700 000 job vacancies because of ICT skill shortages in Europe. This skills gap at a time of high unemployment is appalling.

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<sup>1</sup> [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Unemployment\\_statistics](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Unemployment_statistics).

<sup>2</sup> <http://www.euractiv.com/socialeurope/commission-calls-eu-unemployment-news-518852>.

- 1.4 Europe desperately needs the Digital Agenda strategy to speed-up recovery and deliver sustainable, inclusive growth, especially in the most economically challenged regions of the EU. It is timely to have a review of the strategy now to prioritise the most critical actions for economic growth and employment.
- 1.5 Broadband is the essential enabling infrastructure for the Digital Agenda. Therefore, the Committee was extremely disappointed by the decision of the Council in February<sup>3</sup> to reduce the 2014-20 budget in the Multiannual Financial Framework (MFF) for digital infrastructure and services under the Connecting Europe Facility, from EUR 9.2bn to only EUR 1bn. This cut would remove MFF support for broadband roll-out, and hurt the poorer and less advantaged regions of the EU most, exacerbating the growing digital divide.
- 1.6 The Commission Communication outlines a very ambitious suite of proposals to address barriers to Europe's digital transformation. The EESC looks forward in due course to reviewing the specific communications from the Commission on each of the major initiatives proposed; only then will it be possible to comment fully on the particular measures, their likely impacts and possible issues.
- 1.7 Considering time and resource constraints, the EESC believes that a refocusing of the Digital Agenda strategy should prioritise the following actions for growth:
- Provide affordable high-speed Internet connectivity for all citizens;
  - Increase digital inclusion and digital literacy;
  - Develop ICT skills, close the ICT skills-gap, create jobs, and support entrepreneurship;
  - Build trust and strengthen cybersecurity;
  - Protect privacy and personal online safety (especially for children);
  - Create a Charter of Digital Rights for users;
  - Increase engagement of all sections of society in policy development and implementation;
  - Implement an effective cloud computing strategy, including appropriate regulation;
  - Increase global competitiveness in ICT and digital services, with the goal of establishing global market leadership for European companies in key technologies and services;
  - Leverage synergies from the European GNSS projects, Galileo and EGNOS.
- 1.8 The EESC is pleased to see that many of the actions called for in the Committee's Opinions *The digital market as a driver for growth*<sup>4</sup> and *An inclusive digital internal market*<sup>5</sup> are covered in the Communication, including broadband connectivity, interoperability, online security, Net neutrality and the Open Internet, and VAT harmonisation.

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<sup>3</sup> [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/135344.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/135344.pdf).

<sup>4</sup> [OJ C 229, 31.7.2012, p. 1-6.](#)

<sup>5</sup> [CES273-2012\\_00\\_00\\_TRA\\_AC\\_EN.DOC.](#)

- 1.9 Because the rollout of EU-wide high-speed broadband is so important, the Committee calls on the Commission to recommend a range of funding instruments to support accelerated investment in broadband infrastructure, especially where normal market returns are insufficient to attract private funds.
- 1.10 Innovative solutions, including greater use of wireless technologies, must be deployed as soon as possible to speed-up broadband deployment and to address the growing digital divide between urban and rural areas.
- 1.11 The EESC would like the Commission to advise how access to high-speed broadband can be recognised as a universal right of all citizens, regardless of location.
- 1.12 The EESC stresses the need to fully integrate ICT in education policy, so that life-long learning in digital literacy and ICT skills is available to all citizens<sup>6</sup>, and supports the development of a strong digital intelligence throughout society and the economy. The Committee also considers it essential to implement policies that promote gender equality in ICT education.
- 1.13 Special attention should be paid to the need for targeted digital literacy and eSkills training for unemployed citizens, as well as up-skilling people already in the workforce, who need the new skills for continuing employment in the digital economy.
- 1.14 The Committee calls on the Commission to consider how the use of public ICT infrastructure, especially broadband and computing resources in schools and libraries, could be used as a matter of policy to support ICT skills and digital literacy training across the Union.
- 1.15 Consumers' trust is fundamental to stimulating demand for innovative digital services. This trust would be enhanced by stronger legislative protections for consumers, including enforcement of "non-conformity" rules when consumers fail to receive the broadband speeds advertised by ISPs.
- 1.16 The Committee calls again on the Commission to advance proposals for the introduction of a European trustmark for businesses. As argued in previous Opinions by the EESC<sup>7</sup>, an EU-wide certification and labelling scheme for e-traders would greatly increase consumer confidence in digital, cross-border commerce, and would help SMEs to grow cross border online business.

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<sup>6</sup> [OJ C 318, 29.10.2011, p. 9-18.](#)

<sup>7</sup> [OJ C 54, 19.2.2011, p. 58-64.](#)

- 1.17 The Committee directs the Commission to the EESC's Opinion on the *Open Internet and Net Neutrality*<sup>8</sup>, and strongly requests that the principle of Net Neutrality be formally enshrined in EU law as soon as possible.
- 1.18 The EESC would like to see the creation of a Charter of Digital Rights for all citizens to strengthen consumer protection.
- 1.19 The Committee calls again on the Commission to realise the substantial synergies to be gained by proper inclusion of the GNSS programmes in the Digital Agenda.
- 1.20 As the digital society evolves and more critical public services are provided online, the Committee stresses the need for the Commission to maintain focused support for strategies aimed at increasing digital inclusion across the Union. Special attention must be paid to the inclusion of citizens that are disadvantaged because of disabilities, literacy problems, age, economic means or gender. The EESC is pleased with the appointment of the Digital Champions in the Member States (MS) and looks forward to seeing reports on the effectiveness of this strategy.

## 2. **Gist of the Commission Communication**

- 2.1 The digital economy is growing at seven times the rate of the rest of the European economy and 50% of all productivity growth derives from investment in ICT. There are more than 4 million ICT workers across many sectors in Europe and their number is growing by 3% annually, despite the crisis. ICT is the essential transformative technology that supports structural change in sectors like energy, health care, financial services, manufacturing, public services, and education. But a fragmented pan-European policy framework and structural barriers currently hold this potential back.
- 2.2 The Communication outlines the Commission's plans to boost economic growth and jobs in Europe by refocusing the Digital Agenda in key areas:
- Completion of the **Digital Single Market**<sup>9</sup> by 2015.
  - Speeding-up **digital innovation in the public sector** by leveraging the Connecting Europe Facility (CEF)<sup>10</sup>.
  - Accelerating delivery of **high-speed Internet connectivity**.
  - Implementing the **Cloud Computing Strategy**<sup>11</sup>, which will cut ICT costs and boost productivity, growth and jobs.

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<sup>8</sup> [OJ C 24, 28.1.2012, p. 139-145.](#)

<sup>9</sup> [OJ C 143, 22.5.2012, p. 69-73; OJ C 299, 4.10.2012, p. 165-169.](#)

<sup>10</sup> [OJ C 143, 22.5.2012, p. 116-119.](#)

<sup>11</sup> [OJ C 76, 14.3.2013, p. 15-19,](#) and [OJ C 24, 28.1.2012, p. 40-47.](#)

- Implementing the European **Cybersecurity Strategy**<sup>12</sup>. The Commission also proposes to expand the Global Alliance against Child Sexual Abuse Online<sup>13</sup>.
- Driving a "Grand Coalition on **Digital Skills and Jobs**, which will carry out coordinated action across the EU to boost employment and eSkills.
- A more business-friendly environment for start-ups and an action plan for web **entrepreneurship**.  
By implementing the actions in the Communication it is hoped that 3.8 million new jobs would be created throughout the economy in the long term.
- Driving a **new electronics industrial strategy**, with R&D&I funding concentrated on strategic requirements, in key technologies.

### 3. General comments

- 3.1 Much more must be done to achieve the virtuous cycle envisaged by the Digital Agenda, linking digital infrastructure, content, services, market, and innovation towards higher productivity and growth. The Digital Single Market is still far from being a reality and MS still vary considerably in their pace of infrastructure development and regulatory reform.
- 3.2 The European economy is in crisis. More than 26 million people in the EU27, 10.9% of the workforce, are unemployed. The dire condition of Europe's economy contrasts unfavourably with our global competitors: unemployment in the United States was only at 7.7% in January, a 4-year low, and at 4.3% in Japan.
- 3.2.1 The latest figures from Eurostat<sup>14</sup> also highlight the significant differences between MS. Austria and Germany had unemployment rates of only 4.8% and 5.4% respectively. In contrast, Greece and Spain's unemployment rate is over 26%.
- 3.2.2 Unemployment among the under-25s is particularly high. More than one in two young people are without work in Greece (58.4%) and Spain (55.7%).
- 3.3 The Digital Agenda sets ambitious broadband coverage and speed targets and requires MS to take measures, including legal provisions, to facilitate broadband investment. However, according to the Commission<sup>15</sup>, Europe is falling further behind its global competitors in the delivery of broadband infrastructure. Investments in high-speed broadband are taking place more quickly in parts of Asia and in the United States, leading to significantly better coverage and higher speeds. As of December 2011, South Korea, with 20.6% of subscriptions per

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12 JOIN(2013) 1 final.

13 [OJ C 317, 23.12.2009, p. 43-48, OJ C 48, 15.2.2011, 138-144, OJ C 24, 28.1.2012, p. 154-158.](#)

14 [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Unemployment\\_statistics](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Unemployment_statistics).

15 SWD(2013)0073(part 1).

100 inhabitants, had the highest take-up of fibre worldwide, i.e. double that of Sweden (9.7%), the best in the EU. Japan had the second highest fibre take-up at 17.2%.

- 3.4 Digital inclusion should be a right of all citizens, regardless of their place in society. Special efforts must be made to include those citizens that are disadvantaged because of physical disability, economic means, age, literacy problems or gender.
- 3.5 Access to high-speed broadband must become recognised as a universal right for EU citizens. The Commission raised the question re inclusion of broadband in the Universal Service Obligation in 2010<sup>16</sup>. An answer to this question is urgently needed to promote citizen welfare, employment and digital inclusion.
- 3.6 Governments should ensure that digital accessibility and digital literacy is available to everyone. The Committee would like to see every citizen have access to lifelong eSkills training for professional, personal, and citizenship reasons.
- 3.7 The digital divide becomes increasingly important in the context of high-speed broadband, as citizens are not only deprived of access to information, as is the case with basic broadband, but also of Internet-based digital services available only on high-speed connections, such as eHealth, eEducation, and eGovernment.
- 3.8 The Digital Agenda for Europe Scoreboard<sup>17</sup> and the latest figures from Eurostat<sup>18</sup> show that the digital divide is growing wider, and the differences between MS are big. In 2012, 28% of the households in EU27 are without broadband connectivity. However, in Germany, Finland, Sweden, and the United Kingdom over 80% of households have a broadband connection; while in Bulgaria, Greece, Italy and Romania under 60% of households have broadband. Furthermore, 90% of households without broadband are located in rural areas. 35 million homes in rural areas are still waiting for high-speed connectivity, and unless proper attention is given to citizens living outside urban centres they will suffer increasing social and economic disadvantage.
- 3.9 Digital literacy and use of the Internet is highly correlated to broadband connectivity, so whereas less than 10% of people in Finland and Sweden have never used the Internet, this figure climbs to over 40% for Bulgaria, Greece and Romania.
- 3.10 Reform of planning regulations, smart infrastructure planning, investment incentives and innovative technologies can help to bridge the broadband gap. However, citizens also have to act responsibly and facilitate the rollout of high-speed Internet connectivity.

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<sup>16</sup> COM(2008) 572 final.

<sup>17</sup> <https://ec.europa.eu/digital-agenda/en/scoreboard>.

<sup>18</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/information\\_society/data/main\\_tables](http://epp.eurostat.ec.europa.eu/portal/page/portal/information_society/data/main_tables).

- 3.11 Trust and engagement is crucial to the achievement of the Digital Agenda goals. Without trust, there would be little demand for a number of innovative services with high growth potential such as e-commerce and cloud computing. To underpin trust, it is important that legislative provisions keep pace with the technological and transactional evolution of the Digital Single Market. Unfortunately, this is not the case and more progress is urgently needed on critical actions such as collective redress, on which the Committee called for a directive in 2009<sup>19</sup>.
- 3.12 It is critical for the success of the Digital Agenda that all sections of society are fully engaged in the development and execution of the strategy and properly represented in consultations. Unfortunately, consumers and general citizens are often underrepresented in discussions on some critical issues, and the Commission needs to make greater efforts to ensure equal representation for civil society members in all fora.

#### 4. **Specific comments**

- 4.1 Because the roll-out of EU-wide high-speed Internet is so important, the Committee calls on the Commission to propose a range of funding instruments to support the accelerated pace of investment in broadband infrastructure that Europe requires, especially when normal market returns are insufficient.
- 4.2 The Committee welcomes the Commission's focus on reducing the costs of providing broadband infrastructure; it draws the attention of the Commission to the multiplier effect on the economy and quality of life from such cost reductions; and it calls on all stakeholders to work assiduously on this issue.
- 4.3 The Committee calls on the Commission and MS to help achieve the broadband coverage target rapidly by fully implementing the Radio Spectrum Policy programme<sup>20</sup>.
- 4.4 The delivery of high-speed Internet connectivity must ensure that there is fair and competitive access by new operators to the infrastructure, otherwise the quality of service choices for consumers will be distorted or limited.
- 4.5 The Committee believes it is important to develop costing models for high-speed broadband that are consistent across the EU, for use by the national regulatory authorities; to help ensure that costs are universally fair and calculated according to the same standards.
- 4.6 New jobs created in the digital economy require workers to be digitally literate, and often demand special ICT skills. Unfortunately Europe is failing to train workers in the quantity needed by the growing ICT industry. While the EU is suffering record-high levels of

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<sup>19</sup> [OJ C 128, 18.5.2010, p. 97-102.](#)

<sup>20</sup> [OJ C 107, 6.4.2011, p. 53-57.](#)

unemployment, the ICT industry estimates that by 2015 it will have 700 000 job vacancies. This skills gap must be bridged urgently by whatever extraordinary measures are required.

- 4.6.1 Under the "Agenda for New Skills and Jobs", the Commission has committed to delivering a EU-wide approach and instruments to support MS in the integration of ICT competences and digital literacy into core lifelong learning policies. Europe needs this element of the EU 2020 strategy to deliver results without delay.
- 4.6.2 The high rate of youth unemployment is partially due to a mismatch between education policy and the needs of employers. As a matter of urgency, MS should respond to this problem by adding new ICT skills programmes to the higher education cycle. It is also essential that ICT education policy promotes gender equality.
- 4.6.3 For people already in the workforce, digital skills are increasingly necessary to maintain productivity and job flexibility. The risk of future underemployment, or even unemployment, is increasing for workers who lack the requisite digital skills. Therefore, it is essential to European productivity and competitiveness that companies and workers cooperate to implement on-the-job training programmes for up-skilling in digital literacy and ICT skills.
- 4.6.4 Furthermore, to help combat Europe's serious unemployment problem, special ICT skills and digital literacy education programmes should be particularly developed to assist unemployed workers get back into paid jobs.
- 4.6.5 Broadband and computing resources in schools, public libraries and other public buildings, could be used as a matter of policy, to support ICT skills and digital literacy training across the Union.
- 4.7 In previous Opinions the Committee has called for a charter for citizens' online rights<sup>21</sup>. Although the EESC welcomes the Commission publication of "Code of EU Online Rights"<sup>22</sup>, the Committee believes that the EU should establish a Charter of Digital Rights, to provide clear protection for all users, and recently called for this in its opinion on *An Inclusive Digital Internal Market*<sup>23</sup>.
- 4.8 Consumers across Europe are complaining that their ISPs are not providing them with the Internet connection speeds promised in their contracts. This contractual "non-conformity" and false advertising undermines trust in the digital market. The problem needs to be addressed by stronger legislation and enforcement provisions.

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21 [OJ C 229, 31.7.2012, p. 1-6.](#)

22 <https://ec.europa.eu/digital-agenda/en/code-eu-online-rights>.

23 [CES273-2012\\_00\\_00\\_TRA\\_AC\\_EN.DOC](#).

- 4.9 The EESC stresses the critical importance to completing the Digital Single Market of progressing the eCommerce Action Plan, the Green Paper on Internet, Card and Mobile Payments, and the European Consumer Agenda.
- 4.10 In a previous Opinion<sup>24</sup> the Committee has strongly supported the proposed EU Data Protection Regulation. The EESC hopes that the comprehensive reform of the EU's data protection rules is formally adopted as soon as possible. It is important that the discussions concerning the General Data Protection Regulation take into account its possible impact in other policy areas. Obligations that are too restrictive may limit the opportunities to use personal data to benefit society and to achieve the objectives of the digital agenda (e.g. monitoring patients' data to predict the development of a specific disease; or for energy management through smart grids).
- 4.11 The Committee calls again on the Commission to advance proposals for the introduction of a European trustmark for businesses. As argued in previous Opinions by the EESC<sup>25</sup>, an EU-wide certification and labelling scheme for e-traders could provide consumers with universal protection when buying goods and services on-line, regardless of national boundaries; which would greatly increase consumer confidence in digital, cross-border commerce, and would help SMEs to grow cross border online business.
- 4.12 In addition to implementing pan-European interoperability for national eID schemes, the Committee would like the Commission to consider introducing a voluntary eID scheme for all EU citizens, to provide a limited EU-authenticated eID for eCommerce transactions.
- 4.13 To stimulate the digital economy, MS and regional authorities should promote free WiFi hotspots in public areas.
- 4.14 Although the Committee welcomes the intention of the Commission to adopt a Recommendation on safeguarding the Open Internet for consumers, the EESC strongly requests that the principle of Net Neutrality should also be formally enshrined in EU law as soon as possible. The Committee draws the Commission to the EESC's Opinion on the *Open Internet and Net Neutrality*<sup>26</sup>, which explains that Net Neutrality seeks to ensure that ISPs treat all sources of similar Internet data equally, without discrimination for profit motives.
- 4.15 The use of Cloud Computing reinforces the need to protect the public, their data and their private lives, particularly when the data of European consumers and businesses is being stored outside of the EU or by non-EU companies. The EESC directs the Commission to the

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24 [OJ C 229, 31.7.2012, p. 90-97.](#)

25 [OJ C 54, 19.2.2011, p. 58-64.](#)

26 [OJ C 24, 28.1.2012, p. 139-145.](#)

Committee's recent Opinion on the Cloud Computing Strategy<sup>27</sup> where it encourages the Commission to strengthening the regulatory framework on:

- Protection of data and privacy;
- Government access to data;
- Monitoring data and managing disputes between users and providers;
- Portability and interoperability.

The EESC also cautions the Commission to take account of the need to future-proof any Cloud Computing frameworks adopted at EU-level, because the future evolution of this technology will be highly dynamic and unpredictable for some time to come.

- 4.16 The EESC notes the published Cybersecurity Strategy of the European Union and looks forward to reviewing the package of measures supporting it, including the proposed directive on Network and Information Security.
- 4.17 Special measures are needed to protect the interests of children and vulnerable persons online, particularly regarding data protection, online fraud, and unscrupulous marketing and advertising that target the vulnerabilities of users. The EESC draws the Commission's attention to the numerous Committee opinions on this issue<sup>28</sup>, in particular a *European Strategy for a Better Internet for Children*<sup>29</sup>, and on *A framework for advertising aimed at young people and children*<sup>30</sup>.
- 4.18 As stated in the Committee's Opinion on the *Digital Agenda for Europe*<sup>31</sup>, open standards facilitate competition and enable SMEs to grow and compete globally. Therefore encouragement and support of open standards for all ICT products and services in Europe should be an explicit component of Digital Agenda policy.
- 4.19 American and Asian companies dominate the ICT industry. Europe has been spectacularly unsuccessful in leveraging ICT innovation to create market-leading mega-companies like Google, Microsoft, Apple and Samsung. The Committee welcomes the plan for a new industrial strategy on micro- and nano-electronics, to increase Europe's attractiveness for investment in design and production as well as growing its global market share. However, EU policy must shift radically to ensure that European companies have the nurturing ecosystem they need to become global market-leaders in ICT technologies and services.

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27 [OJ C 76, 14.3.2013, p. 59-65.](#)

28 [OJ C 54, 19.2.2011, p. 58-64](#), [OJ, C 128, 18.5.2010, p. 69-73](#), and [OJ, C 224, 30.8.2008, p. 61-66.](#)

29 [OJ C 351, 15.11.2012, p. 68-72.](#)

30 [OJ C 351, 15.11.2012, p. 6-11.](#)

31 [OJ C 54, 19.2.2011, p. 58-64.](#)

- 4.20 The Commission must also ensure that proper investment management practices should apply to this industrial policy: 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.
- 4.21 Governance of the proposed R&D&I investment must ensure that there is good coordination across programmes and projects to maximise benefits and avoid wastage through duplication of effort.
- 4.22 The EESC believes that the massive investment in European GNSS technologies and services should contribute to the success of the Digital Agenda. Therefore the Committee calls again on the Commission to realise the substantial synergies to be gained by proper inclusion of the GNSS programmes in the formulation and implementation of the Digital Agenda. The EESC drew attention to this issue in its original opinion on the Digital Agenda<sup>32</sup>.

Brussels, 22 May 2013

The President  
of the  
European Economic and Social Committee

Henri Malosse

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<sup>32</sup> [OJ C 54, 19.2.2011, p. 58-64.](#)