

European information society for growth and employment, i2010

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The Commission presents its first follow-up report on the i2010 initiative, which addresses the key challenges of a modern information society and promotes a partnership between the Commission, the Member States and all relevant stakeholders to harness the digital economy for Europe.

The report notes that, in spite of improved economic growth in 2005 and predicted growth of 2% in 2006, annual GDP growth rests well below the 2.7% in the US between 2000 and 2005. Europe still has a mediocre productivity performance and a low investment in R&D, representing only 1.9% of GDP in 2004. Nevertheless, the ICT sector has continued to experience a higher than average growth rate, with estimated revenue increases of 3.6%⁵ in 2005. It is the most innovative and research intensive sector in the EU, representing 25% of the total research effort and 5.6% of the GDP between 2000 and 2003. ICT also generated at least 45% of EU productivity gains over the period 2000-2004.

But the contribution of ICT is not enough to improve the EU's global position. Recent figures show EU investment in ICT research still lagging behind our competitors. The contribution of ICT to productivity has decreased significantly compared to the second half of the 1990s and is still about half that in the US. Overall no indicator points to a change in the trend or an acceleration in ICT developments which would put the EU onto a sustainable path of growth and competitiveness. However, there are some positive trends. Digital convergence is finally becoming a reality. Investments in networks resumed in 2004 and 2005 and broadband subscriptions grew by 60% in 2005. Telecom and cable operators are offering converged services, such as 'triple-play' services, or TV over IP. But revenues from these services do not compensate for the loss of voice revenues, and overall growth in the revenues of electronic communications is slowing down. Faster progress in convergence is needed to sustain the leadership of the European electronic communication sector.

The report states that the challenges identified in the i2010 initiative remain valid but need to be addressed more vigorously. Policy makers need not just to be more aware of the need to accelerate ICT developments; they should also build policies to enhance the positive trends in the ICT sector. Particular priorities are implementation of broadband strategies, coherent approaches to content and spectrum, integrated research and innovation strategies and more ambitious public services. Today there is a greater need than ever to get Europe's ICT policies right to catch up with our major global competitors.

Three messages will therefore continue to underpin i2010 in 2006-2007:

- **urgency:** the increasing recognition of the role of ICT in growth and jobs should be converted into action, through a strategic approach to the opportunities of digital convergence in National Reform Programmes that combines macro and micro policy levels. There is also a need for expeditious treatment of legislative proposals under i2010 so that Europe can benefit fully from the fast moving effects of digital convergence on growth and competitiveness;

- **partnership:** joint action and responsibility between the Commission, the Member States and stakeholders under the Lisbon Agenda and i2010 not only to identify bottlenecks hampering innovation but also to take affirmative steps to coordinate policies across Europe in order to establish a single information space of 25 EU Member States;

- **action:** the EU must move from consensus on the importance of ICT for growth, jobs and the quality of life to action by vigorously implementing regulations and policies that assist competitiveness and by using the economic weight of public administrations in order to promote the emergence of innovative services for the benefits of citizens and for growth and jobs.

The Commission outlines the actions that it will take in the period 2006-2007 on the i2010 initiative. These include the following: make proposals for the review of the eCommunications regulatory framework, including a proposal to review the recommendation on relevant markets and a regulation on international roaming; promote an efficient management of spectrum; assess the developments in standardisation and interoperability with regard to mobile TV services; address trust, privacy and security issues in the forthcoming communication on an EU security strategy and in the communications on cybercrime and on Spam and malware; review the consumer protection regulatory framework, taking into account new technical developments; review standardisation for ICT; review eBusiness policies and trends and define the necessary policy measures; and follow up the commitments of the eAccessibility communication.