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Position Paper on the European Commission's i2010 Initiative

<u>Subject</u>	<u>Business Perspective</u>	<u>AmCham EU Position</u>
<i>I. Single European Information Society</i>	Business and the European Commission view the need for affordable and secure broadband, rich and diverse content and digital services.	The challenge for i2010 is to reap the gains of effectively incorporating ICTs into Small and Medium Enterprises (SMEs), large companies, government agencies, and consumer use. (p. 3)
<i>1. Regulatory Framework</i>	Investments, faster connections, content rich services and innovation have flourished where the regulatory environment is more conducive to competition.	Certain Member States still have not transposed the new Regulatory Framework, leading to greater discrepancies and blocking the realisation of the single market. (p. 3)
<i>2. Review of audiovisual legislation</i>	The E-Commerce Directive represents convergence-ready EU legislation.	AmCham EU believes that the upcoming review of the E-Commerce Directive provides the better means to consider whether public policy goals for online services have been met and whether any changes would be needed. (p. 4)
<i>3. Broadband</i>	Business identifies along with the European Commission the need for faster broadband and richer content as two of the main challenges in the information space.	Achieving a world-class broadband infrastructure that supports high quality and fast communications should be a cornerstone of the ICT policies from 2005-2010. (p. 4)
<i>4. Radio Spectrum</i>	The efficient use of spectrum is crucial to lowering the cost and improving the usage of scarce resources.	AmCham EU believes that it is time to complete the change of approach to spectrum management in order to promote the full potential of innovative electronic communications services and systems. AmCham EU also supports a modern approach to spectrum management such as "technology neutrality".(p. 5-6)

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<i>5. Trustworthy, secure, reliable ICT</i>	Ensuring secure networks will be crucial to the provision of user-friendly value added services.	Ensuring secure networks will be crucial to the provision of user-centric value-added services. The 2006 review of the Electronic Communications Directives will provide opportunity to further clarify explicitly and acknowledge the difference between spammers and legitimate E-marketers. (p. 6)
II. Innovation and Investment in Research	The Commission's continued recognition of the importance of supporting innovation in all sectors of society is welcomed.	AmCham EU opposes public calls for 'protectionism' in technology investments, instead advocating pursuing a more global cooperation approach. (p. 7)
III. Inclusion and better Quality of Life	It will be critical to engage all citizens in the take-up of ICT services.	Encouraging regional authorities to develop ePublic services will be a key factor in strengthening economic and social cohesion. This can be achieved through building secure multi-platform Next Generation Networks multiplying the benefits to individual European citizens, SMEs, and Member State governments. (p. 8)

Introduction

The American Chamber of Commerce to the European Union (AmCham EU) welcomes Commissioner Reding's 'i2010' initiative launched on June 1st 2005.¹ eEurope is widely credited for its positive impact, and AmCham EU is keen to work with the Commission to ensure the success of this new Action Plan.

AmCham EU is pleased to take this opportunity to comment on the three main chapters upon which this umbrella strategy is based: Single European Information Space, Innovation and Investment in Research, and Inclusion and Better Quality of Life.

¹ COM(2005) 299 – May 31st 2005.

I. Single European Information Space

AmCham EU is encouraged by the Commission's recognition that Information and Communication Technology (ICT) is a key enabler and driver of the EU economy as a whole. Our member companies concur that Europe needs affordable and secure broadband access, and rich and diverse content and digital services. Indeed, ICT is essential to economic development in the EU and is critical in order for the EU to remain economically competitive with other parts of the world. Much has been said about the contribution to European productivity growth made by the ICT sector, but the challenge for i2010 is to reap the gains of effectively incorporating ICTs into Small and Medium Enterprises (SMEs), large companies, government agencies, and consumer use.

For the purpose of this discussion, AmCham EU will focus on the Single European Information Space in the following areas: the regulatory framework, the review of audio-visual legislation, broadband, radio spectrum, and trustworthy, secure and reliable ICT.

1. Regulatory Framework

AmCham EU wholeheartedly agrees with the Commission's finding that where the new Regulatory Framework has been implemented effectively, competition, prices and choice for users have all improved. This is witnessed by the vast array of services that have become available to a growing number of users following the liberalisation process. Furthermore, evidence available shows that investments, faster connections, content rich services and innovation have flourished where the regulatory environment is more conducive to competition. It is not a coincidence that those Member States that have more promptly and effectively regulated their markets have attracted the highest level of investment.

Notwithstanding these achievements, AmCham EU is concerned that certain Member States still have not transposed the new Regulatory Framework and that the effectiveness of regulation still varies substantially across the EU. The resulting discrepancies are preventing European users from fully enjoying the benefits of the single market.

An effective and homogeneous implementation of the new Regulatory Framework is fundamental to the development of a healthy and welfare-enhancing ICT sector. This is even more true as the telecommunications sector undergoes major changes, with networks being upgraded and innovative services being deployed. In such circumstances, it is crucial to ensure that the traditional bottlenecks (such as provision of access) are not leveraged to the detriment of competition and innovation.

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AmCham EU encourages the Commission to pay particular attention to make sure that the current regulatory framework and the 2006 review provide an opportunity to strengthen its control on existing bottlenecks.

2. Review of audio-visual legislation

AmCham EU welcomes a review of the rules applying to broadcasting in recognition of the evolving media landscape. AmCham EU believes that this review will justify a relaxation of many of the rules in the Television without Frontiers Directive.

As regards online services, AmCham EU completely agrees with the Commission that the E-Commerce Directive represents convergence-ready EU legislation. This directive provides a comprehensive set of rules to ensure information for consumers either purchasing online or experiencing online advertising, and elaborates codes of conduct to complete the regulatory framework for online services. AmCham EU is therefore concerned that the Commission is considering an extension of broadcasting regulation to the online area. The application of two regulatory frameworks to online services would raise questions in any sector, and it is clearly unwise for a sector that plays such an important role in advancing the EU's Lisbon agenda.

3. Broadband

We congratulate the Commission for highlighting the need for richer content and the "Need for Faster Broadband Speed" as two of the main challenges the Information Space pillar will address.

Achieving a world-class broadband infrastructure that supports high quality, rapid communications should therefore be a cornerstone of ICT policies from 2005-2010 and will be a critical pillar for making Europe a successful knowledge-based economy. Developments in the US and parts of Asia show that next generation broadband facilities being deployed are triggering new and richer content products and services.

The Commission should encourage Member States to renew their National Broadband Strategies to include ambitious national targets, not only in terms of coverage and take-up, but also in terms of minimum speed requirements. Developing a framework for promoting the competitive supply of much faster broadband access is crucial. Moreover, lessons from more technologically advanced countries, notably Japan and Korea, should help avoid creating a divide between Europe and the rest of the world.

4. Radio Spectrum

Efficient use of radio frequencies and common technical regulations are fundamental to increasing development of broadband connectivity. Effective use of spectrum can lower the cost and improve the usage of scarce resources.

In the past, spectrum was allocated for specific uses and/or with specific technical attributes, limiting the technologies that could operate within certain frequency bands. Some governments have realised the impediments to innovation and technological advancement caused by this old system of spectrum management and are attempting to modernise their spectrum policies — taking the first steps toward giving manufacturers the flexibility to innovate and provide the best solutions.

One of the big opportunities will be the transition from analogue to digital terrestrial TV over the coming years. This transition will present the opportunity to install new competitive multimedia services. Rapid, harmonised transition across European Member States would give critical support to deployment of these new services.

A modern approach to spectrum management which reconciles these technology limitations is “technology neutrality.” Technology neutrality promotes the flexible allocation of spectrum without designating the technology which can be used. It supports allowing the licensee of the spectrum to choose the technology solution that is most appropriate for the business model or market, as long as it adheres to the regulatory and technical requirements (eg. 3G, R-LAN). Technology neutrality promotes the allocation of spectrum with as few technology *designators* as necessary.

In an environment of technology neutrality and secondary trading, care also must be taken to ensure that those who hold licenses in an adjacent spectrum or in adjacent geographic areas are not compromised by new users. Regulators, such as CEPT (European Conference of Postal and Telecommunications Administrations) and NRAs (National Regulatory Authorities), will continue to play an important role in spectrum management, ranging from promoting a common set of technical rules to avoid harmful interference, to investigating interference complaints and settling interference litigation.

AmCham EU believes that standards bodies may need to increase their focus on creating mechanisms and procedures whereby technical compatibility of new technologies can be better achieved. The good news is that the new technology neutrality approach to spectrum management allows the wireless operator to more quickly adapt to market conditions while maintaining a viable business model.

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AmCham EU stresses the importance of providing a stable regulatory situation to encourage innovators to innovate – thereby yielding the benefits of i2010. Therefore, changes to spectrum arrangements should remove as much uncertainty as possible and should not undermine commercial confidence. This change of approach to spectrum management will promote the full potential of innovative electronic communications services and systems to:

- spark growth in the EU high-tech sector;
- extend the reach of broadband services to rural and under-served areas and
- provide lower prices and better consumer options through competition.

AmCham EU supports the Commission's Action Plan in the field of radio spectrum management as set in i2010 Communication, and encourages the Commission to set the date for adoption of the new framework applying to radio spectrum management in the EU set by 2010.

5. Trustworthy, secure and reliable ICT

Ensuring secure networks will be crucial to the provision of user-friendly value added services. As regards Spam, AmCham EU supports the Commission's efforts to develop an effective dialogue at EU level between enforcement agencies. Still more could be done to foster transatlantic cooperation. The 2006 review of the Electronic Communications Directives provides the opportunity to further explicitly acknowledge the difference between:

- legitimate e-marketers that can be effectively regulated by privacy legislation and
- spammers who need to be tackled by cybercrime legislation and related agencies (eg. European Network Information Security Agency; ENISA)

The continued pressure to develop a competitive broadband market should be complemented by equally important actions for broadband content and services, eg. to encourage regional authorities to develop ePublic services, which will be a key factor in strengthening economic and social cohesion.

II. Innovation and Investment in Research

AmCham EU supports the Commission's goal to increase ICT research funding for the 7th Framework Programme and the Community Competitiveness and Innovation Programme. AmCham EU is encouraged by the Commission's continued recognition of the importance of supporting innovation in all sectors of society.

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The high-level committee chaired by Wim Kok concluded that Europe must attract and retain its best researchers. To this end, AmCham EU encourages the Commission to conduct a thorough review of the university tenure system to ensure that Europe's best researchers and academics have the opportunity to publish their work. The Commission should also foster stronger ties between universities and industry in R&D. Moreover, AmCham EU encourages the Commission to consider the establishment of an R&D tax credit (incentive), available to both industry and Member States governments.

AmCham EU welcomes the Commission's view that i2010 reinforces the Lisbon Strategy with a special boost for innovation. The ICT focus of i2010 needs to be retained as a key aspect, within an overarching goal of achieving an EU knowledge-based economy. ICT has the potential to play a significant role as an enabler in such an economy but investment has been weak, due in part to the lack of structural and economic reforms in some Member States.

There is a clear link between structural weaknesses in some Member States, low ICT uptake and their poor national economic performance and failure to keep their commitments on the Lisbon goals. To reap the rewards of ICT investment, there must be a corresponding investment in the skills and employment opportunities that exploit it. i2010 can help address this issue by spurring the right mix of investment and economic reforms to reach the Lisbon goals.

AmCham EU supports the Commission's intention to reinforce Europe's recognised strengths, and suggests that the Commission ignore public calls for 'protectionism' in technology investments. Only global collaboration will ensure the removal of technical bottlenecks.

As ICT convergence has a global impact, it is essential that common technical parameters (eg. standards) are agreed amongst all market players at international level. Should the ideal platform of discussion fail to emerge, at a minimum the Commission ought to stimulate dialogue among the principal organisations (eg. ETSI, IETF, ITU). European technology solutions should not be pursued at all cost. Indeed, European R&D and standards should be developed in synchronisation with global developments as increasingly economies of scale are forcing European industry to look at markets globally rather than regionally.

Finally, AmCham EU questions the role of the 'eMobility platform' within the framework of the European Research Agenda as the decision-making in some of these platforms is not sufficiently open or transparent. As a co-initiator and a major stakeholder in the deliverables of these Platforms, the European Commission is accountable for requiring a minimum level of transparency in and proper functioning of these industry-led organisations.

III. Inclusion and Better Quality of Life

AmCham EU recognises the need for an open, transparent and accessible knowledge based society. It will be critical to engage all citizens in the take-up of ICT services in order to attain the goals of i2010. To this end, AmCham EU encourages the Commission to continue to support inclusion and accessibility.

The Commission should ensure that all citizens, particularly those that are disadvantaged, are allowed to benefit from ICT in the European economy. In light of ageing in Europe, it will be especially important that the Commission wield its considerable influence to develop a workable eAccessibility framework across EU Member States. Harmony among the Member States, together with global standards, is imperative. In addition the Commission could aid Member States by providing guidance on priority of implementation, emphasising high yield / low investment aspects. By promoting public procurement incentives for accessible ICT, the Commission could motivate vendors to innovate, making technology and information more accessible for the public.

Encouraging regional authorities to develop ePublic services, such as eGovernment, eLearning and eHealth, will be a key factor in strengthening economic and social cohesion. Building secure multi-platform Next Generation Networks will allow the provision of user-friendly value added services and contribute to the growing availability of high quality content over digital networks. This, in turn, will multiply benefits to individual European citizens, SMEs, and Member State governments.

This can be seen in the healthcare sector. The use of information in healthcare can deliver great improvements in access, quality and productivity. To deliver these benefits for all European citizens, there needs to be a significant change away from localised information systems. Doing so will avoid the current islands of information that are isolated along the patient's journey through care, and result instead in a connected, coordinated approach that centres on the patient, not the institutions that provide care. Such an approach would enable faster, safer decision making on patient care, promote prevention of illness and chronic disease crises and facilitate patient and healthcare mobility.

There is a real need for strong political leadership at European, national and regional level to implement agreed industry standards, and to share established, successful practices. Such leadership will ensure interoperability of healthcare systems and will help the EU realize the full potential of information technology in healthcare is exploited, patients treated more safely, costs contained and access to care provided to all.

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Conclusion

Poor and inconsistent implementation of legislation remains the Achilles heel of Europe's bid to develop its digital economy. Several Member States are still behind in implementing the regulatory framework for electronic communications and thus in encouraging competition in electronic communication services. Industry needs a clear and predictable regulatory approach to emerging services and applications as uncertainty deters investors and impedes innovation.

For the Lisbon Strategy to succeed, targeted and committed action is essential. The i2010 initiative is a step in the right direction. A new strategy for the future of the information society in Europe must promote a thorough and continuous partnership with industry in addition to more effective and efficient implementation. A lot of work still remains to be done to make sure that the conditions are in place for future investments in infrastructure, services, applications and content. AmCham EU is committed to being an active part of the positive strategy towards a real digital economy in Europe.

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The American Chamber of Commerce to the European Union (AmCham EU) is the voice of companies of American parentage committed to Europe towards the institutions and governments of the European Union. It aims to ensure an optimum business and investment climate in Europe. AmCham EU facilitates the resolution of EU – US issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Total US investment in Europe amounts to \$850 billion, and currently supports over 3.5 million jobs.

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