

European Ministerial Conference
Information Society – Connecting Europe

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Mr. Robert Verrue
Director General
European Commission, DG INFSO

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Introduction

Ministers, Excellencies, Ladies and Gentlemen, Dear Colleagues,

I am very pleased to see that a wide gathering is possible again on this question of Information Society throughout Europe and not simply within the European Union and I would like to congratulate and thank very much all those who have invested a lot of time energy and effort in the preparation of this conference and also compliment the Slovenian authorities for this superb environment which they offer us for this conference.

The title of this conference is “European Ministerial Conference on the Information Society – Connecting Europe”. There is a symbol of course behind this title and this should not be missed. We, the European Union and the applicant countries, have been working together over the last several years to strengthen our relationship: political, economic, cultural and social. Adhesion to the EU will become the reality for most of the candidate countries over the next few years.

The Information Society has a critical role to play in “connecting Europe”. The Lisbon Summit set a new strategic goal for the EU society at large which is to “*become the world’s most dynamic and most competitive knowledge-based economy*”. The eEurope 2002 Action Plan became the first and one of the main pillars of the Lisbon Strategy and what has been achieved so far under this action plan is particularly encouraging. The European Commission recently adopted a proposition for a new eEurope 2005. This Action Plan will be considered by the European Council in Seville in a few weeks. We hope it will be fully adopted and offer a new chart for action for EU countries for the next three years.

The EU Applicant Countries agreed, on their own initiative and I underline this, on their own initiative, because this is really praiseworthy that they should develop an “eEurope+” action plan. This eEurope+ Action Plan mirrors the priority objectives of the eEurope, which was developed and launched by the Heads of Government and of State of the Candidate Countries at the occasion of the Göteborg European Council.

The eEurope+ Action Plan is already now starting to deliver very positive and very encouraging results and a lot of progress made is particularly encouraging in this sector. The first Progress Report has been prepared and I recommend that you read it. It is included in the documentation you have received for this conference. My colleagues Jozsef Gyorkos and Paul Verhoef will be providing you with more in-depth elements and analysis on this question but what I would like to do in this introductory statement is to share with you some reflections on the results which have been achieved so far and discuss some of the initial conclusions on measures covered and the ground which is still to be covered.

I would like to say a few words therefore on the question of the legal and policy framework, on the question of telecommunications infrastructure, on affordable access, capacity and skills, and the question of stimulating the usage of the Internet.

Legal and Policy Framework

The potential of the knowledge based economy can only be exploited fully if it is based on a responsive, pro-competitive, aggressive (when this is necessary), legal and regulatory framework and that should take into account the inevitable characteristic of the information society namely that it is based on a borderless, internet-based information and communications environment.

The transposition of the EU *acquis* is currently underway and is a prerequisite for accession, some general conclusions in relation to its relevance as a basis for the Information Society can be drawn from the transposition which has been achieved up until now. The absence of legislation in a number of countries and in a number of areas will cause doubt and uncertainty, which will be leading to a loss of consumer and operators trust and confidence. Businesses in turn already do suffer from the insecurity of operating in unstable legal and regulatory environments.

We know that transposition, because we make the same experience in the EU, is not an easy task, in particular when it is complicated by ongoing institutional reform and new and evolving legislation.

Progress is being made and looking at the overall situation of applicant countries we can see that a little less than 80% of the current Telecommunications Acquis of the EU has already been transposed with another 16% being prepared and just on the verge of being adopted. The situation of the 10 so-called first-wave applicant countries is even substantially better. The transposition and implementation of the new EU Regulatory Package, which has been agreed upon in the last several months in Brussels for electronic communications services and not only for telecommunications those are expected to add another challenge in this exercise of transposition This package indeed should not be taken lightly. It contains a range of radically new concepts and requires very efficient and independent national regulatory authorities.

The EU eCommerce acquis aims at creating a legal framework that is based on the concepts of trust and security. This eCommerce community acquis is much less advanced in transposition than is the Telecommunications Sector regulatory framework. Admittedly some of the acquis is more recent and does require other legislative changes before transposition can effectively occur, for example, in the area of encryption and data protection.

But, although most countries have made progress in transposing the EU acquis in telecommunications services it is true that the transposition of Directives on Information Society Services, on Legal Protection of Services, on Misleading Advertising, and Consumer Credit have not yet started in many countries. It is, in this respect, particularly high time to catch up. In particular if the objective of developing ecommerce and ebusiness transactions is to be taken seriously

Telecommunications Infrastructure

It appears to us vital that citizens, businesses, and governments should have access to modern communications networks as well as the services available over those networks. There is a basic need to ensure that all citizens are offered the possibility of affordable communications services so that info-exclusion can be avoided.

Since the reform process began all candidate countries have been modernising substantially their telecommunications network infrastructure and have been increasing penetration levels and are now, in effect, “closing the gap with Europe” which used to exist in this area a few years ago.

On average today, 77% of households in the applicant countries now have a fixed telecommunication service as compared to 86% in the EU Member States. Although the telecommunications networks have been modernised, there is still a substantial amount of progress to be made in making access to the Internet a reality for everyone.

A number of countries still have dial-up connections with a high rate of failure in the range of 10-30%. Some households are still equipped with ‘shared-lines’ which are not suitable for use as Internet connections. In addition to the problems of reliability, the old networks cannot provide the bandwidth capacity required to support interactive Internet access.

In some countries the penetration rates for fixed telephone services are, in addition, distorted by differences in penetration between urban and rural areas. There are many rural areas, small towns and villages where there is simply no telecommunications service at all but larger towns and cities have almost 100% penetration rate even on new digital exchanges. This is a particular case where specific government action may need to be undertaken to avoid a widening of the digital divide and further social exclusion. In the first instance, an effective, pro-competitive regulatory framework will assist in further roll-out of infrastructure. Where this is not the case, specific action may be required, as it is not evident, given the size of the problem, that universal service arrangements will, by themselves, provide a solution.

Affordable Access

Regarding affordable access, a factor which has a direct bearing upon Internet penetration and usage is that of cost, and I recommend that you read pages 18 and 19 of the eEurope+ Progress Report, which gives a very clear indication of the price and tariff sensitivity of Internet access. The cost of an Internet subscription is in many ways the number one factor for having access to and using Internet services. This is also true for the

access cost and this is all too true, of course, for the investment required to purchase a PC. Many countries have peak time dial-up access costs which are double those of the highest EU-15 cost. This is a very, very high level differential and there is a very strong relationship between penetration and cost. Access costs when they will decrease will strongly increase penetration rates and these will rise significantly. We have made extensively this experience in the EU and we strongly encourage that the same approach and the same experience be made in applicant countries.

There are, indeed, a few countries that have very low access costs and very low Internet penetration rates. This seems to be a contradiction there to the point I just made. In effect, we do note that there are local factors that may inhibit penetration and regular Internet usage. These can include, for instance, the lack of local Internet content, the lack of computer literacy, or simply the cost of acquiring a computer. This can also explain the relatively small number of PCs per 100 inhabitants in the countries concerned. Whereas the average in the EU is 33 PCs per 100 inhabitants, the proportion in applicant countries is only 13 PCs per 100 inhabitants. This proportion drops to less than five PCs per 100 inhabitants in countries like Bulgaria, Romania and Turkey.

Increasing the levels of Internet access and encouraging regular usage is a multi-dimensional problem which includes the factors of cost, the availability and reliability of telecommunication services, educational levels and, of course, the availability of content in national languages.

Capacities and Skills

Connecting all schools to the Internet is certainly one of the most important and probably one of the most difficult objectives to attain. There is recognition that Internet access should be provided in all classrooms together with high-speed connections, with software and with content. The goal of providing 5 to 15 multi-media computers per 100 pupils is an ambitious one that will require significant levels of investment.

The number of computers per 100 pupils is now approaching the target level in some countries but there is a very significant and growing imbalance between primary, secondary and tertiary levels.

In general, the current levels of Internet connected PCs in schools is in the range of one PC per 50 pupils. In some countries, the ratio of Internet connected computers is as low as one PC for 500 pupils and in other countries the proportion is one PC for 10 pupils. Such divergences are much too significant and they require particular political attention and determined action. In this respect, it may be of interest for the candidate countries to share their experiences and exchange ideas on particularly successful projects, problems encountered and how they were met and resolved.

Stimulating Usage of the Internet

Progress in stimulating usage of the Internet has occurred in many areas. In some countries, efforts are being made to create a demand for eCommerce and eGovernment services and to create consumer confidence in electronic payment systems. The lack of effective implementations of electronic signature and certification authorities does prevent the development and widespread use of eCommerce services. Progress in this area will be difficult to achieve as long as the legislative framework has not been put in place.

Progress is being made in providing eGovernment services in a number of applicant countries with some of them very advanced including in comparison with EU Member States. The overall situation is that 50% of the public services identified in the eEurope+ action plan are available at a basic level (information posted on-line or one way interaction). 8% of the services provide already two-way interaction and this on fully on-line transactions. Another 1% of services are the subject of pilot projects and plans are in place for another 9%.

Similar progress has been made in providing services to businesses and 46% of the services now provide information on-line or in a simple one-way interaction basis. Two-way interaction and full on-line transactions are possible for another 11% of the services. Plans do exist for another 11% of the services.

Conclusions

Our conclusions on this important wave of effort which has been triggered by the eEurope+ initiative and which are illustrated by the eEurope+ Progress Report do show that the Information Society is clearly very present in the EU applicant countries and that this is receiving a lot of political interest in particular, most probably because of its potential for the economies, for their competitiveness and therefore for the societies in applicant countries in the future.

At this point in time some policy conclusions can be drawn:

- 1 All applicant countries have a clear and tangible political commitment to progress the implementation of the Information Society. However, a lot of work remains as the Information Society is a fast-moving, complex target to achieve and constant and focussed political attention continues to be highly desirable.
2. Despite the progress made in penetration rates in fixed and mobile telephony services there are substantial problems in the potential use of these technologies for access to the Internet. We must find a solution to these problems in particular to those of reliability and availability and look at how we can use alternative technologies for the provision of low cost, broad bandwidth access to the Internet.
3. With a few exceptions, there is still a low penetration of computers in schools. Given the essential importance of investments in youth for the future of the countries, extra attention does need to be given to this particular area, including more extensive exchanges of experiences.
4. Public Internet access points remain a very important means of Internet access for the population at large. Even more so than in the EU-15 Member States, increased policy attention does need to be given with the aim of increasing the number of public access points.
- 5 Extending the capabilities of eGovernment services needs to remain a priority. Thus, it does act as a catalyser for the implementation of the Information Society in applicant countries as it does in the existing EU Member States.

The uptake of an internet economy is hindered by what can be described as a classic chicken and egg scenario. A strong presence of businesses on the internet will not develop until a critical mass of national internet users is established in order to make the Internet a viable alternative distribution and marketing channel. At the same time a critical mass of users will not develop until there is a strong enough local presence and content on the Internet. This makes the use of the Internet an attractive proposition for the public. They would be able to access a rich variety of relevant and useful local content services.

The success of eGovernment and the eEconomy does depend on resolving this issue. A critical mass of users must be established and at the same time suitable and useful content must be provided and widely published. However, as we have seen, the uptake rate is highly dependent on the purchase cost of a computer, the speed of the Internet connection, access conditions and usage cost.

- 6 Furthermore, important issues for the next phase of the eEurope+ action should look as follows:
- § the completion of the implementation of the EU acquis relevant to the Information Society, and in particular in relation to eCommerce should be seen as a pre-condition in creating trust and confidence in the use of Internet-based transactions;
 - § the introduction of alternative Internet access technologies should be given priority;
 - § the provision of computers to schools and their connection to the Internet should equally be given high priority and this should be accompanied by appropriate curricula and training to teachers;
 - § increasing the number of public access points to ensure greater participation for all; and finally
 - § the further development of eGovernment services at national, regional and local levels.

We welcome the efforts of the applicant countries with the eEurope+ initiative and its Action Plan and we are very pleased and encouraged with

the progress made, the co-operation, the commitment, and the willingness and vision of the applicant countries to proceed with its implementation.

Before closing, I would like to make just a few comments on the eEurope 2005 Action Plan which has been adopted last week by the European Commission as a proposition and which we hope will be adopted by the European Heads of State and governments at the next European Council meeting in Sevilla in June. This eEurope Action Plan for the 2003-2005 period will cover the period of eEurope+ and the expected date of admission of a number of candidate countries. The eEurope 2005 Action Plan therefore contains measures to ensure its benefits are extended to all candidate countries.

Our discussions and deliberations over the next day and a half should serve as a basis for ensuring that everyone in Europe will be included and can participate in the knowledge-based economy. Your participation in this conference is the most encouraging and valuable sign. We very much look forward to hearing the results and conclusions of your discussions that will be presented during the closing Plenary Session tomorrow morning.

Thank you very much for your attention.