

**Neelie Kroes**

Vice-President of the European Commission responsible for the Digital Agenda

## **Investing in our digital future**

Check Against Delivery  
Seul le texte prononcé fait foi  
Es gilt das gesprochene Wort

COSAC Conference of national parliaments

**Copenhagen, 24 April 2012**

Ladies and Gentlemen

These days, no political discussion can ignore the economy. It's the dominant topic in Brussels and in your national capitals.

I am convinced that the time for endless discussion is over; we need action. We should stop debating the importance of growth: but identify and support the things that can deliver it.

My message is simple: to think about the future economy, you must take account of the digital revolution.

In short, the Internet is changing our economy, changing our opportunities, and changing our world.

The facts are stark. The European digital Internet economy is already bigger than Belgium's national economy and growing faster than the Chinese economy. Already worth hundreds of billions of euros, in a few years, it could reach over 5% of EU GDP. In some Member States it's already higher. And by 2016, online spending could account for over one retail euro in ten.

And no wonder. Just look at what the Internet offers, and how it boosts our economy. Studies show that investment in ICT capital is among the most productive there is. It enables new ways of doing business, new ways to power productivity, new ways to innovate.

It creates five jobs for every two it displaces. It helps small companies double growth and exports. And, where broadband goes, growth follows: increasing broadband penetration by 10 percentage points translates as 1 to 1.5% on GDP.

Increasingly, people realise that doing things online can save them time, money and hassle. Ever greater numbers are using an ever wider range of services. And they are increasingly willing to pay for them.

Take audiovisual. Today, half of Europeans use video-on-demand several times per week. In the USA they're already the biggest source of traffic. In the near future, innovations like Connected TV will take that yet further.

Fields like entertainment are often the fastest adopters of new technology: but other services follow in their wake.

Take healthcare. Applying ICT to health could help people stay active and independent longer, cut hospital admissions, slash mortality rates. And all for lower costs. Who, at this time of stretched budgets and ageing populations, can afford to ignore that?

And let's not forget to mention the potential of Cloud computing. It can give our businesses tools and services that are flexible, dynamic and cheap. It can drive productivity and slash IT costs, especially for SMEs. Overall it could give our economy a tremendous boost.

That's just a few examples of the benefits for our people, our public services, our economy.

But, we can't get those benefits without the right support. High-speed networks to provide bandwidth. A skilled, digitally literate workforce. And the legal framework to open up a vibrant digital Single Market.

If we aren't ready to provide those, we may not be ready to capture the ICT dividend. We won't cater to people's growing thirst to do things online. And we will be doing our people, and our economy, a serious disservice.

First, broadband networks. Those services like on-demand movies, instant Cloud access, or virtual operating theatres: they all need serious bandwidth. No wonder global Internet traffic is growing fast: it has already doubled since 2010; by 2015 it will double again. While mobile traffic is growing around twice as fast.

We cannot meet this exponential demand with ageing infrastructures. They won't take us far in the new digital world.

So we need to invest in broadband. To deliver the speeds we will need in the next ten years: and to connect up those more isolated areas that are still cut off.

We have proposed over 9 billion euros for broadband and digital public services, as part of the EU's Connecting Europe Facility.

Innovative financing for broadband would lower perceived risk and attract private financing. Each euro of public resources will leverage many times more investment in ICT. And, remember, each euro invested in ICT will pay back a handsome return in tomorrow's digital economy. That's what we mean by EU added value.

Meanwhile, wireless internet is key to our competitiveness. I am not understating this development by saying that the digital future will be mobile. Europe used to be undisputed leader in wireless communication. Let's reclaim that crown.

The Radio Spectrum Policy Programme has been agreed and we've already seen investment flowing into new 4G systems. Now we must move forward with initiatives like shared access to spectrum, providing tomorrow's resources.

Second, it's not just about broadband networks: it's about human capital too.

Look at IT graduate numbers: supply is static, while demand shoots up.

At this rate, soon could come a shortfall of hundreds of thousands of IT professionals. At a time when so many are looking for work, here is one sector where labour demand outstrips supply.

Meanwhile, one in four European adults has never used the Internet at all. Maybe some are in your constituency. I can tell you that they're usually already at risk of socio-economic exclusion. If they were online, they could access new opportunities, jobs, social connections, government services. Indeed, if those people were all online and using eGovernment, taxpayers could save billions.

How to get everyone online? There's one model that I've seen working in countries from the UK to Romania: to have someone dedicated to getting everyone online. So President Barroso and I have called upon every Member State to have their own "digital champion". Someone with the profile and persistence to work with private, public and voluntary sectors - and ensure no-one is left out.

Third, to go with the broadband networks - we need legal frameworks. To create a vibrant digital Single Market.

In Europe, people already benefit from direct access to the biggest market in the world. But the economic barriers we've spent decades knocking down are reappearing in digital form. For example, people can't easily pay for goods or services across borders. Or can't identify themselves to register abroad. Or different copyright regimes mean they can't access digital downloads – not legally, anyway.

I know our Danish colleagues have made this a Presidency priority. They're not the only ones. The recent European Council called unanimously to complete the digital Single Market by 2015.

And that's just what we're doing.

For example with proposals to make it easier to identify, authenticate and transact online, wherever you are in the EU. The proposal will be adopted next month.

Or look at online content. I know, and we have all seen, that the people of Europe care deeply about issues like copyright. What if we showed them we can adapt to a more open era?

We are preparing proposals on copyright. But we should start by changing the attitude of public administrations themselves, and making them open up. If we unleash public sector open data, that could fuel a sector worth tens of billions – and make it easier to hold public bodies to account. I hope I can count on your support for our proposal.

I could keep you here forever with a list of what we're doing. But what we're doing is less important than why we're doing it.

So I want you to take home one message today. I know that all of you, in each of your Member States, are implementing competitiveness strategies. You're looking for ways to boost growth, to offer jobs, to improve efficiency for strained public budgets.

I'm telling you: if you support the digital economy, your strategy will be a lot easier to write. Because whatever it is you want to boost, the Internet is a tool you can't do without.

In every sector, whether it's tourism, teaching or television, small businesses and large, urban areas and rural: they're all going digital.

And in future, when a small business wants to expand, or a big company decides where to locate, they're going to look at exactly these issues. Does this place have fast broadband? Do they have workers with high-quality IT skills? Do they have a modern legal framework giving easy access to a huge market?

When they ask these questions about Europe, let's ensure they get the right answer. Let's make sure we build an e-EU.

Of course the actions we need within Europe take a variety of forms. And use a variety of levers. Some are at EU level: like promoting competitive markets, building a digital Single Market, or putting an end to mobile roaming rip-offs. For others, like e-skills, the tools are more in national hands.

But for all of them, your support and democratic scrutiny is essential. Because in all cases these actions should be pushing in the same direction, towards a digital future. With your help we can do that. Because if we want to put together a digital economy, it's no use having half of the jigsaw.

So my message to you is: be a champion for this issue within your Member State. Put ICT right in the centre of that growth strategy, and it will pay a handsome dividend.

Thank you.