SPEECH/07/

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« i2010 – 2 years on»

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Ladies and gentlemen,

Thank you for inviting me to your General Assembly. It is a pleasure for me to be here with you to open this event.

I would like to sketch out where we are two years after the launch of the i2010 initiative, and to briefly describe some of the issues on my policy agenda.

The i2010 initiative, as you know, aims primarily to create growth and jobs in Europe's Information Society. It does this centrally through policies to create a true European Information Space – a single market for the digital economy; by promoting investment in R&D; and through policies to boost the benefits of ICTs in society by encouraging a wide take up of life saving, inclusion generating informational services.

Creating a true European Information Space

The real driver of growth in this sector is demand for services. In fact if the ICT sector wants to see so-called next generation networks, we will need next generation services that demand high bandwidth, but consumers are not interested in bandwidth per se – they want communication, entertainment and high quality services.

Next generation services are of two main types: high definition audio visual services including High Definition terrestrial and satellite broadcasting, web-TV, IPTV and interactive social network "web 2.0" services. All these services require bandwidth because they are based on video and high definition images. Such online content markets are expected to grow by 400% by 2010. The music industry is expected to increase the share of its revenues from online sales up to 20% (+/- 1.800 million €) by 2010. For games, online sales are expected to reach over 30% of the sector's revenues.

My i2010 policy on next generation services has therefore been to unlock the potential of these content services by creating a stable and EU wide basis for the provision of content services. This will be reflected in my July 2007 Communication on Content On-Line.

You can see my i2010 approach in the proposals for the new Directive on Audio Visual Media Services, which will soon be formally adopted: first, the country of origin principle, which is and must remain the cornerstone of the internal market, is extended to all categories of audiovisual media services, including video-on-demand. This will allow service providers to offer cross border services and be a new step towards the European Information Space announced in i2010. Second important point of the new legal framework for audiovisual contents: the liberalisation of advertising rules will give more room for manoeuvre to the industry and enable additional revenues and investments in the digital economy. Third element of the directive implementing the i2010 strategy: the consumer side, where the Audiovisual without frontiers directive creates a new right for consumers and broadcasters to access on a fair basis short extracts of events of major importance for news reports.

You can also see the i2010 approach in my proposals for the digital dividend; the Digital TV switchover is now advancing (nearly one fifth of households have now gone digital) and I believe that the target we set for a European switch-over by 2010 and switch-off by 2012 is achievable and it is high time we decided what to do with the digital dividend. I will make concrete proposals on this during the summer.

I also see that we need a more coherent open market for content, which is why content protection has been high on the agenda for the past years. We see now increasing deployment of Digital Rights Management (DRM) which can be a way to ensure secure roll out digital distribution. I believe that DRM can be a viable alternative to levies for new digital content. I know your concerns about the current copyright levies system and I regard progress on this issue part of the unfinished business of this Commission.

Finally, you will also soon see me taking a very clear approach to opening up a single market for Mobile TV. It is estimated that today's 3 million European subscribers could grow to nearly 350 million by 2011. Analysts predict take off in 2008 with the Olympics and the Europe Football Championship. This is a tremendous opportunity for Europe to maintain its leadership in mobile technology and mobile services. Remember that Europe is still the world's leader in mobile content with 32% of the world market.

We must not squander this opportunity. We need to build economies of scale rapidly and give certainty to developers of technologies and networks. Which is why I am in favour of a robust and proven single open standard - DVB-H - based on European technology (with the support of Community funds), which is compatible with terrestrial digital TV and which is emerging as the preferred choice for the majority of mobile TV pilots in Europe.

Before the summer, I will present a communication on Mobile TV. For this Communication I will now decide whether to mandate a single standard immediately or to give the industry a little longer, until the end of 2007, to agree a common standard.

Let me be very clear: I know that competition among different standards can, for some time, be a good way to let the market identify the best solution. But, we have been waiting for too long. The opportunities are slipping away. It is time to break the deadlock.

This forthcoming communication on MobileTV will also look at what we need to do to make sure that interesting content is available for the new Mobile TV chains. Authorisation regimes are needed to encourage investment in the new networks but also the participation of stakeholders – such as broadcasters - that know TV content production and have public services interests at heart.

A European Information Space also for Networks

The growth of next generation services begs a crucial question: will we have the bandwidth we need for all these next generation services to continue to expand? For this we need to streamline our approach to both the airwaves and the fixed networks to build real European economies of scale.

You know that I have been actively driving forward an agenda for streamlining and making more flexible our approach to spectrum allocation in Europe. The not so elegantly named WAPECS policy is really about introducing market mechanisms into spectrum in order to make sure that the bandwidth is there for new services on a flexible basis. My forthcoming revisions of the e-communications framework will propose a change of paradigm in this regard. And I am looking to position Europe at the front of pack as regards the discussions in the World Radio Communications Conference in October. There should be no sacred cows in this discussion, we have to make the right decisions for Europe's future economy, society and culture.

Take also the absence of a Single Market for Broadband. Overall, Europe is doing well on broadband roll out, we have now reached 15.7% of broadband penetration. Five countries - Netherlands, Denmark, Finland, Sweden, Belgium - are world-leaders outstripping the United States, South Korea and Japan. In fact, seven Member States are ahead of the US. But the average is dragged down by the Member States that are not performing. The discrepancy between the leading and lagging Member States is 26.5 percentage and the gulf is widening since 2005. Ten Member States still have penetration rates below 10%.

Why is this the case? One answer is sure: inconsistency in regulatory approaches between Member States. Big differences in the time taken to transpose the framework into national law. Even bigger differences in the time taken to analyse markets. Some regulators are simply not acting effectively to open up markets, for example wholesale bitstream access is still not available on a consistent basis across the EU. Also severe delays caused by lengthy national proceedings. In Italy and Portugal, legal proceedings against decisions of national regulators can last up to 6 years.

This patchwork means uncertainty, less competition and lower innovation and investment. Investments in infrastructure are also hampered by a lack of scale in the European internal market. In fact, there is no internal market for electronic communications in Europe. The internet maybe global but Europe's broadband services stop at borders.

That is why one of the main thrusts in my revision of the telecommunications rules will be to create the basis for a new streamlined system for regulating Europe's telecom markets. I am in close discussion with the relevant stakeholders – particularly the European regulators group – to define a new institutional solution to reduce bureaucracy and increase efficiency in how remedies are designed and implemented.

JTIs

My next point is on research. Today we took an enormous step forward in the research domain towards a real European Research Area. The proposal for ARTEMIS, the first of the two JTIs in the area of ICT, will be adopted next week. This is a great moment for Europe. It will create a strategic platform for one of the crucial enabling technologies not just for the ICT sector but for all our high tech industries: Automotive, Aerospace, Communications, Energy, etc. It is the first time we have seen a public private partnership based on the Community research programme. It will be the first time private, national and European level research are aligned around a common set of priorities – building the scale needed for Europe to compete globally: it is expected to reduce industrial development costs by 15bn€ p.a. It will also reduce substantially the time to contract by streamlining procedures into a light format. Tomorrow, I will launch ENIAC, the second JTI, into our internal procedures. I hope both the JTIs will be up and running early next year.

We are now entering the approval process in the Council; so we need industrial support in the coming months for ARTEMIS and later on for ENIAC. Also the Industrial Associations have been established and I encourage you all to get actively involved.

The Social Side of the European Information Society

We all face the serious challenges of an ageing society, which is why the digital economy has also to be a contributor to this problem. Last year's Riga Conference agreed ambitious targets for e-literacy, broadband access, web accessibility and independent living of older people. And I will soon launch an action plan on ageing well in the Information Society that aims to raise awareness and remove market barriers for the take-up of technologies for independent living, and stimulating joint research and innovation. The new programme of applied research in independent living that we will establish in parallel will create the basis for widescale demonstrator projects.

These are all steps towards the i2010 Initiative on e-Inclusion in 2008, when we will showcase achievements and look to the future. I very much appreciate the ICT industry’s active interest as expressed in EICTA's recent White Paper on e-inclusion. I am encouraged by the constructive approach of EICTA in the eInclusion Partnership of users and industry. In this respect I strongly encourage you to arrive soon at an agreement with users on accessibility for digital television.

Sustainable Development

Finally, let me touch on the i2010 flagship initiative on ICT for sustainable growth. We will not solve our environmental challenges – especially climate change - without ICT. In so doing we can create new business opportunities, stimulate innovation and enable the transition to a high-value, high-efficiency, low-carbon economy in Europe.

Which is why my services are preparing a new flagship project on ICT for Energy Efficiency, which will propose targeted actions based on the research and demonstrator instruments at my disposal. ICT can really make a difference.

Mid-term review 2008

What comes next? I am now reviewing my strategy framework with a view to resetting some of the targets for the final half of my mandate. Several issues obviously rise to the foreground: next generation of networks and the future of the Internet; the growing demand for user's perspective to be given greater attention; and the internal market dimension - the links between the low use of ICT by businesses, the weakness of the internal market and the overall competitiveness of the EU economy. We will examine the broad picture and update our policies in order to simplify or facilitate business on line and on a European scale.

Conclusion

I am pleased with the constructive contribution and participation of EICTA in the i2010 process. It is crucial for us to have industry input and the success of our initiatives also depends on your commitment to make them a success. I look forward to your continued commitment and concrete contributions to the mid-term review of i2010.