

**Mr Erkki Liikanen**

Member of the European Commission, responsible for Enterprise and the Information Society

**"The eEurope Broadband Strategy"**

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

The European Telecommunications Network Operators' Association (ETNO) Conference 'Making Broadband Happen in Europe'

**Brussels, 3 December 2002**

Ladies and gentlemen,

Extending the reach of broadband is nowadays a priority for most of Member States. This shows that, notwithstanding the crisis in the sector, the information society is still viewed as a powerful source of productivity gains and of improvements in living standards.

In the year 2000, the Lisbon strategy was based on the recognition of the Internet as a fundamental source of increased productivity and growth. Indeed, the decline in prices for equipment, and the connection of previously isolated machines, provided people with more powerful devices.

## **Productivity**

In 2002, to appropriate further productivity gains, it is necessary to exploit the advances offered by digital technologies. This progress translates into broadband technologies. High-speed connections radically change the use of the Internet – improving its quality and capabilities. In parallel, new communication platforms such as interactive digital TV and 3G mobiles have emerged. This multiplies ways through which people can access broadband and benefit from it.

What we desire to achieve is an information society for all, and broadband is key to this achievement. However, technology adoption is not enough. Society must be able to translate the full benefits of digital technologies into productivity gains, economic growth, employment and social cohesion. This is the general objective of the eEurope initiative.

## **Technological convergence**

Technological developments associated with the digitisation of information have allowed dissociation of communication networks from specific types of information: voice, data, images, etc. All of them can be transported through all networks, and accessed from a variety of terminals.

Facilities can be grouped in two main categories:

- Existing facilities, such as ADSL and cable modem; and
- New facilities, such as 3G mobile, fixed wireless, satellite, fibre optic, and powerline.

ADSL and cable modem are driving the transition to broadband. However, the capabilities of fibre optics in terms of bandwidth, of Fixed Wireless Access in terms of flexibility, of digital TV in terms of reach of the population, of 3G mobile in terms of everywhere-on, and of satellite in terms of coverage, are very well documented and understood.

These technologies will coexist, because there is no single technology able to ensure a complete coverage of the whole of the EU. Furthermore, diversity in technology will help solving access in different geographical areas, according to local needs. For example, Fixed Wireless Access and satellite will fill in where fixed facilities cannot reach.

Technologies are also complementary. For example, the regular telephone wire can be combined with satellite: the copper as the way out, a regular tv dish as the receiver.

Substitutability and complementarity of technologies have interesting implications. Substitutability implies that, in more populated areas, where the market sustains more than one provider, competition in infrastructure, services and content will be key to lower prices, higher quality, innovation, and choice. Complementarity means that, in less populated areas, where provision of broadband access is not necessarily profitable, exploitation of the different characteristics of technologies will facilitate coverage of the whole territory.

### **The role of competition**

Convergence improves the ability of users to switch providers to find the most attractive offer. As such, it is an important enabler of competition. Governments must encourage competition within and between different platforms, while remaining technologically neutral.

Data show that greatest availability and take up of broadband tend to occur in those countries where competition takes place between different networks or facilities. When competitors are independent of each other's network, competition on the market can develop at its full extent. However, in Europe, current alternative technologies to ADSL only count for about one third of broadband connections. Regulation remains therefore extremely important.

Encouraging efficient investment in infrastructure and promoting innovation are objectives for regulators next to promoting competition, protecting citizens and cooperating to consolidate the single market. This means taking account of the need for investors to obtain an adequate return on their investment, in the light of risks taken. The new regulatory framework for electronic communications, which is to be transposed by mid-2003, takes this aspect into account.

In the longer term, when deployment of wireless and fibre optics will take place in a more significant manner, effective facilities-based competition can develop.

Convergence opens the way to competition at the level of services and content. Open and interoperable platforms will reduce the cost and inconvenience of re-authoring content for different platforms.

Benefits of interoperability will be more significant when platforms are based on international technical standards, voluntarily adopted by the market.

## **The shortage of demand**

Upgrading legacy infrastructures and rolling out new networks is primarily a task for the market. Investors' returns are made volatile by difficult capital markets and uncertainty in terms of demand. The current situation of the telecom sector complicates matters even further, making funding from the capital markets more costly.

Demand derives from consumers' behaviour, and depends on users' willingness to pay for faster transmission of rich content. Thus, broadband demand depends on the availability of new content and on the corresponding price.

This implies that supply-side policies and demand-side policies are intertwined: Regulatory intervention or any other policy that promotes the rollout of infrastructure should be accompanied by content-based policies and vice-versa.

This is the approach of eEurope 2005.

## **eEurope 2005**

The action plan eEurope 2005 recognises the importance of broadband to unroll the next generation of on-line services, and the social potential of multi-platform access. Indeed, there is a TV set in every living room, and a mobile phone in almost every pocket. Multi-platform access matters, because it's key to inclusion.

Because of the interplay between technological capabilities and application requirements, eEurope 2005 has been designed as a two-edged strategy:

- Promoting services, applications and content in key areas such as e-government, e-learning, e-health and e-business; and
- Stimulating the deployment of a secure broadband infrastructure, creating a positive environment for private investment.

## **Stimulating infrastructure deployment**

Widespread deployment and use of broadband infrastructure is therefore one main objective of the eEurope strategy. Thus, full implementation of the Action Plan must be a priority for governments' agenda.

In eEurope 2005, availability of broadband access is first of all facilitated by requiring that all public administrations, schools and hospitals have broadband access by 2005. Putting public services online and aggregating demand will contribute to achieving a critical mass of users and help solving the well-known "chicken-and-egg problem". This requirement creates an important base of customers and helps industry reduce uncertainty on the demand side. Implementation of this strategy must respect the principle of technological neutrality, requiring open bidding procedures.

Second, public policy has to exploit the potential of broadband to secure digital inclusion. Broadband deployment must be facilitated in remote and rural areas. Public support may be needed when the markets don't deliver alone.

To reach everybody, we must also promote Internet access through the terminals that are already in each home - the TV set - and in each pocket - the mobile terminal. We do this by supporting availability of multi-platform content, encouraging digital switchover, ensuring that broadband is a priority in the ICT programme, but also favouring public/private partnerships on a local community basis.

Workshops or conferences involving the exchange of best practices have the potential of bringing people together, favouring discussions on ways to co-ordinate local demand and on technical solutions to solve specific local problems.

Third, supply of wireless broadband services will be facilitated by a more efficient use of spectrum and an increase in its availability.

Finally, eEurope 2005 responds to the need of stimulating infrastructure deployment through the development of new content, applications and services.

### **Stimulating the development of content**

Content provision must be primarily up to the market. eEurope 2005 aims at stimulating the development of new content, applications and services by putting public services online, focusing on public administrations, education systems and public health, which are the areas that have the greatest leverage power: not only because of their sheer size as departments and their share in public spending, but also because of their importance for citizens and society. eEurope 2005 also promotes Digital Rights Management solutions.

### **Conclusions**

The European Union recognises the importance of exploiting the broadband potential, although the financial problems of the sector are making the 2005 objectives more difficult to achieve.

These problems cannot be solved by the EU, nor by governments, but public policy can lend a hand. As part of the actions foreseen by eEurope 2005, I propose the organisation of a Broadband Workshop next January. We would like to organise a workshop with Member States, where best practices for a ubiquitous deployment can be presented and discussed. We need also to have a roundtable with industry, from the infrastructure side and from the content side. I strongly believe that a dialogue between stakeholders can help in achieving a critical mass of users and solve the chicken-and-egg problem.

Once the market is created, deployment of new converging technologies is likely to foster competition between different facilities. The whole of the EU territory should be covered by different reaching technologies. This market development carries important social implications, as it facilitates widespread access to information. It finally transforms the way companies operate, individuals behave, and interact with each other. Above all, it contributes to the achievement of an information society for all, that is, an inclusive and democratic society.