Clear rules in a secure environment are needed to encourage investment

- Take-up of e-commerce is disappointing

Legal clarity and certainty are critical in an electronic environment for business methods to be viable and attractive to investors where the applicable rules are unclear. Not ensuring the rules of a given country are the same makes it difficult to operate.

The eEurope Directive that was to be transposed by 1 July 2000 seeks to achieve both consistency and clarity in the context of the e-economy. UNICE, however, notes that the lack of a harmonised approach is a major challenge.

- A secure environment is essential

Security is a key ingredient for confidence in the e-economy and thus will contribute to the take-off of e-commerce. The Information Society can benefit greatly from the utilisation of Internet technologies in business development and innovation. The increasing dependency on digital content needs to be addressed by all stakeholders.

In the context, UNICE welcomes initiatives aiming at the creation of a safer Internet environment by improving the security of information distribution and combating computer-related crime. Since the e-economy ultimately provides services for the prevention of cybercrime initiatives in this field should be transparent and transparent, demonstrating clear objectives and collaboration with the authorities of the countries of origin and in the protection of fundamental rights such as the right to privacy. Governments, in line with international standards, should offer solutions for effectively eradicating the misuse of new technologies.

For clarity and security to prevail, initiatives deriving from the eEurope Action Plan should:

- Promote awareness among stakeholders regarding the use applicable to a e-commerce
- Provide for a harmonised approach to the legal framework applicable to e-commerce
- Encourage more open and transparent paradigm shift with business to contract agreements
- Provide for peer-european cybersecurity awareness campaigns

SME participation in the e-economy should be further stimulated

SMEs play a crucial role in the e-economy, hence their participation needs to be further stimulated. SMAs should be encouraged to use e-commerce opportunities that can help them expand their markets.

Given that over the past few years SMEs in Europe and small-medium-sized enterprises (SMEs) have expanded rapidly, as a result of their ability to reach a larger customer base, it is essential to stimulate this growth.

As demonstrated by the OECD, the most barriers to barriers for SMEs are lack of Internet access and lack of information on the Internet. The most important factor is the lack of interest in the use of Internet technologies. To overcome this barrier, initiatives should be developed to encourage the use of Internet technologies.

To ensure SMEs participate in the e-economy, initiatives deriving from the eEurope 2005 Action Plan should:

- Establish an e-Business Forum to improve networking between businesses and e-commerce providers
- Encourage awareness of the benefits of e-commerce and how to reap the benefits
- Provide for e-commerce education and awareness campaigns

www.unice.org
UNICE recommendations

UNICE, the voice of more than 16 million companies in Europe, is keen to make the following contribution for the success of eEurope in general and the eEurope 2005 Action plan in particular.

UNICE asks the European Institutions and Member States to work with Industry to focus eEurope actions on objectives which will make a real difference and which will be implemented in a timely and consistent manner across the Union.

The Lisbon European Council (23-24 March 2000) set a strategic goal for the next decade:

“...to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion.”

In order to reach this ambitious goal, Europe must exploit better the opportunities of the new economy and in particular the Internet. Progress has been made in achieving the overall objective of the "eEurope 2002 Action Plan": get Europe online. Nevertheless, a lot remains to be done: cheap, fast and secure Internet access is not yet a reality for all in Europe.

In this context, UNICE sent a clear message to Member States before the Barcelona European Council: setting targets to get Europe on-line will fail if not followed by focused and qualitative targets.

For the future of eEurope, UNICE calls for:

- Widespread availability of broadband
- Clear rules in a secure environment
- SME participation in the eEconomy

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1 See the UNICE Benchmarking Report 2001, "The reNewed Economy - Business for a dynamic Europe" available on our website: www.unice.org
3 See UNICE message to the Barcelona European Council: “European Business says: Barcelona must revitalise the Lisbon Process” available on our website: www.unice.org
Widespread availability of broadband

- **More broadband = increased competitiveness**
  
  Business relies on modern and fast communications to operate effectively and to be competitive globally. Broadband, in providing cheap, fast Internet access for European business and citizens alike is a key factor for Europe's competitiveness.

- **Broadband should be market-driven**
  
  UNICE welcomes the conclusion of the Barcelona European Council giving "priority to the widespread availability and use of broadband networks throughout the Union by 2005".

  Private-sector investment needed for making broadband widely available is enormous. Although the roll-out and take up of broadband must remain market-driven, operators must have incentives to invest.

  For their part, the European Commission and regulators must require effective implementation of EU regulations and competition law to ensure a fully competitive market. Actions which could undermine or destabilise current deployment must be avoided.

  In areas where demand may not initially justify commercial broadband provision, Governments should encourage partnerships with Regional Development Agencies, Local Authorities and alliances to stimulate and meet demand.

- **Competition between broadband platforms stimulates the market**
  
  Competition between broadband access platforms (metal local loops, cable modem, xDSL, Wireless Local Loop, fibre-optic networks, high-speed mobile Internet access through UMTS) will provide considerable stimulus to the market. Regulators must remain technology-neutral. In order to maintain Europe's leading position in advanced mobile communications (UMTS), action is needed to harmonise the allocation of frequencies across Europe.

- **eGovernment is essential to stimulating broadband demand**
  
  Governments have a major role to play in stimulating the development of broadband through developing eGovernment broadband services applications, ensuring that regulation stimulates investment in broadband infrastructure, services and applications and that rural or less developed areas are not left on the wrong side of the digital divide. Such services must be accompanied by sufficient public-sector-driven awareness campaigns communicating the benefits of eGovernment services to citizens.

  In addition to stimulating demand for broadband, effective eGovernment will simplify citizen and business relations with administrations as well as increasing transparency, reducing time and costs.

- **Telecom infrastructure = backbone of the Information Society**
  
  The telecommunications infrastructure provides the very backbone of the Information Society and eEurope cannot be achieved without an efficient and competitive telecommunications market: **strengthening competition in telecommunications is of benefit to all**

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In this context, UNICE welcomes the conclusion of the Barcelona European Council requesting Member States to "ensure full implementation of the new communications regulatory package by May 2003".

**Full and effective liberalisation of telecommunications should be a reality**

It is essential that the telecommunications package is implemented within the given timetables in all member countries: "24 July 2003".

The European Commission must continue to push for implementation in those Member States lagging behind. A common approach and uniform implementation across the EU would be a significant step towards creating a genuine single European telecommunications market that would lead to more customer choice and better services at lower prices for all throughout Europe.

National Regulatory Authorities (NRAs), when identifying product and service markets where additional regulatory obligations may be necessary, must ensure that their interpretation is as close as possible to the principles of competition law. Market analysis must be undertaken by NRAs as soon as possible, making public the full findings and the justifications for their decisions. Full industry participation in this analysis and review process must be allowed.

**In addition to full and effective liberalisation of telecommunications, to ensure widespread availability of broadband, initiatives deriving from the eEurope 2005 Action Plan should:**

- Avoid any action that could undermine or destabilise market-driven deployment of infrastructure;
- Propose actions to encourage investment;
- Remain technology-neutral: avoid targets that pre-judge the market or champion a specific technology;
- Ensure equal and fair terms for the distribution of services and content in the telecom and broadcasting sectors;
- Encourage governments to promote partnerships with Regional and Local Authorities to stimulate and meet demand in areas where broadband provision is not commercially justifiable;
- Allow for competition between broadband access platforms;
- Include measures to stimulate demand, including eGovernment initiatives and services, fiscal measures and tax incentives coupled with awareness-raising campaigns.

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5 Id., para. 39.
8 on foreseen Recommendation on Relevant Markets and market analysis and review process
Clear rules in a secure environment are needed to encourage investment

- Take-up of electronic commerce is disappointing

**Legal clarity and certainty** are crucial in e-commerce: neither consumer nor business wishes to buy and/or sell in an environment where the applicable rules are unclear. **Not knowing the rules of a game can prevent one from playing and in any case makes it difficult to win!**

The e-commerce Directive that was due to be transposed by 17 January 2002 seeks to attain such certainty, notably via the “country of origin principle” enshrined therein. UNICE deplores the wide disparity in the state of progress of transposition: a significant number Member States are still at very early stages in the process (see table below).

### Implementation of the e-commerce directive

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Source: UNICE - 30 April 2002

UNICE calls on Member States to transpose the e-commerce Directive rigorously without delay and calls on all regulators to ensure that future regulatory initiatives do not undermine the “country of origin principle”.

- A secure environment is essential

Security is a key ingredient for confidence in the on-line world and thus will contribute to the take-off of e-commerce. The Information Society can benefit clearly from the eradication of threats to business investment and assets. The ever-increasing vulnerability of networks needs to be addressed by all stakeholders.

In this context, UNICE welcomes initiatives aiming at the creation of a safer information society by improving the security of information infrastructures and combating computer-related crime. Since industry ultimately provides solutions for the prevention of cybercrime, **initiatives in this field should be more open and transparent**: governments should consult with stakeholders in order not to combat cybercrime at the expense of industry and/or at the expense of fundamental rights such as the right to privacy. Governments must refrain from undermining market-driven solutions for cybersecurity while engaging in necessary awareness-raising campaigns.

**For clarity and security to prevail, initiatives deriving from the eEurope 2005 Action Plan should:**

- **Promote** awareness among stakeholders regarding the law applicable to e-commerce;
- **Provide** for benchmarking the impact of the legal framework applicable to e-commerce;
- **Encourage** more open and transparent collaboration with business to combat cybercrime;
- **Provide** for pan European cybersecurity awareness campaigns.
SME participation in the e-Economy should be further stimulated

Given that over 90% of companies in Europe are small and medium-sized (SMEs), eEurope cannot be a success if full participation by SMEs in the e-Economy is not achieved. To a greater extent than larger enterprises, SMEs need incentives to embrace the Information Society.

As demonstrated by the chart above, the main barriers to Internet use are lack of security and quality high-speed Internet access more than cost or lack of perceived benefits. Nevertheless, in addition to addressing the above-mentioned issues, other incentives for European SMEs and EU citizens to take advantage of the opportunities for higher productivity (thereby higher growth and employment) need to be considered. Particularly SMEs are confronted with ICT skills shortage which prevents them from reaping the benefits of eBusiness.

To ensure SME participation in the e-Economy, initiatives deriving from the eEurope 2005 Action Plan should:

- **Establish** an e-Business Forum as a means for exchanging best practice and coordinating all initiatives related to eBusiness;
- **Encourage** effective time- and cost-saving eGovernment services;
- **Raise** further awareness among SMEs about the benefits of eBusiness and how to reap the benefits;
- **Further** address ICT skills shortage through, for example, proposals to modify school curricula and encouraging public funding for training schemes.