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TO THE COUNCIL AND EUROPEAN PARLIAMENT**

The



Update

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1. Introduction

In December 1999 the European Commission launched the *eEurope* initiative with the following key objectives:

- *Bringing all Europeans, into the digital age and online.*
- *Creating a digitally literate Europe, supported by an entrepreneurial culture.*
- *Ensuring the process is socially inclusive and builds consumer trust.*

In June 2000 the *eEurope* 2002 Action Plan was adopted by the Feira European Council. It detailed the policy actions which are required to meet these objectives by 2002. The European Council also requested a report on progress for the Nice European Council. This report presents an update of *eEurope* in response to this request. The report covers those areas for which the European Commission and other European-level actors (e.g. the Council, the European Parliament, the EIB) are responsible. It provides a brief overview of progress made and highlights the remaining challenges. Full details of progress on each action line are available in the Staff Paper 'Progress on *eEurope* actions' available on the *eEurope* website¹. The French Presidency is elaborating a parallel document on progress in Member States which will also be available on the *eEurope* website.

2. Overview of main developments

2.1. Policy impact

Since its launch, *eEurope* has had a broad policy impact, strengthening existing initiatives and fostering the development of new ones. It has become a policy concept, not only at European level, but in Member States at national and regional level. '*eInitiatives*' of one kind or another are now generalised within the Union, with the launch by individual Member States and regions of new initiatives and support programmes. Other European countries and applicant countries have also been following the EU's lead, for example the *eNorway* programme.

Developments are not limited to the public sector - many private initiatives have drawn inspiration from *eEurope*. The readiness of private companies to devote resources to support *eEurope* in areas like education, *eGovernment* and smart cards are very encouraging examples. In addition, the European standardisation organisations are currently finalising a substantial response to *eEurope*². **In conclusion, the effects of *eEurope* have begun to be felt well beyond the public sector in the European Union.**

2.2 Faster legislation

One of the most perceptible impacts of *eEurope* has been on the legislative process. Governments and administrations, including the Commission, have recognised that the 'new economy' and particularly the Internet, pose challenges to the legislative framework. The Internet is a cross-border medium where new ways of doing business are developing. It is very quickly changing the market context and the de facto 'rules of the game', posing problems for issues like data protection, information security, taxation and consumer protection which require immediate solutions. The current process of drawing up legislation

¹ http://europa.eu.int/comm/information_society/eeurope/

² Rolling Action plan of the European Standards organisations in support of the *eEurope* initiative.

needs to be accelerated. eEurope and, in particular, its endorsement by the European Councils in Lisbon and Feira, has helped to raise awareness and the Council and the European Parliament have made major efforts to accelerate the process.

This acceleration is perceptible in several areas of EU legislative activity where eEurope has acted as a bridge between this detailed process of drawing up and agreeing legislation and the broader policy context:

- The new telecom package is moving forward thanks to close cooperation between the Council and the European Parliament. The most visible outcome in this context has been the recent agreement reached on the EU Regulation on Local Loop Unbundling, but it is hoped that the rest of the package can be subject to a similarly rapid and co-operative approach.
- The e-commerce Directive was adopted even before the Feira European Council. It provides a legal framework for the provision of e-commerce services in Europe. Further steps forwards are the e-money Directive which has also been adopted recently and the significant progress made on the Copyright Directive, where there are good prospects for rapid adoption.
- The revised Dual Use Regulation came into effect on 27th September 2000. This will substantially reduce red tape in export licensing for much needed information security technologies and will contribute to the creation of an Internal Market for such technologies.

2.3 Specific Initiatives

eEurope activities have already begun to show positive results on a sectoral level. A major element in this progress has been the use of the expertise and funding available under the Structural Funds, the Information Society Technology (IST) research programme and the Trans European Networks (TEN-Telecom) programme to support wider political initiatives. Key areas where policy and programme-level activities have worked in parallel are:

- **Smart Cards**, where solutions are held back from developing their full potential due to a lack of common standards and applications. Industry has taken up the challenges set at the *Smart Card Summit* in Lisbon in April 2000. A follow-up meeting held in Athens on 18th and 19th September 2000, established twelve industry led working groups to address the various targets in this sector and a task force to co-ordinate the work.
- **eContent** on which the Commission has proposed a new €150 million programme which aims to stimulate the development and use of European digital content on the Internet and promote linguistic diversity on European web-sites. It aims to tackle the barriers which prevent European content producers from fully exploiting their potential on the global Internet. The programme should be adopted by the Telecommunications Council in December 2000.
- **Education**, an area where the eLearning initiative and the related strengthening of actions in the IST Programme will help to adapt the education system to the new economy. National resources will be backed by all the adequate Community instruments and by the development of partnerships between public authorities and industry. The Commission will present a detailed proposal for action to implement eLearning to the Education Council on the 15th November 2000.

- **Research networks.** With the launch of the Géant Project the first steps have been taken in a comprehensive plan to reinforce Europe as a global connectivity partner. The project will assure the upgrading of the interconnections between Europe's research networks to up to 10 Gigabites by the end of 2001, providing the tools for European researchers to work interactively together in a wide variety of research areas.
- **Regional Funds,** where the information society has been integrated as a priority by all Member States in the new programming period 2000 – 2006 thus reflecting the guidelines of the Commission. Furthermore, *eEurope Regio* will be one of the three themes of the new generation of the Innovative Actions (worth €400 million in total from 2000-2006) under the ERDF.
- **Launch of .eu** - The ICANN³ organisation agreed in principle to delegate the .eu code to the European Union. The Commission will make a formal proposal before the end of 2000 to create a .eu top level domain. The .eu registry will be set up as soon as agreement is reached with the European Parliament and the Council.

3. Benchmarking

The Lisbon European Council requested the Commission to implement *eEurope* using '*an open method of co-ordination and benchmarking*'. Since Lisbon, the Commission has been working together with Member States and other interested bodies to establish the exact nature and coverage of the benchmarking activity. This *eEurope* benchmarking will be fully co-ordinated with the Structural Indicators being developed in the context of the follow-up to the Lisbon Council and will provide input to this process. The objectives of *eEurope* benchmarking will be:

- to enable Member States to compare their performance.
- to identify best practice
- to provide insight into the factors of importance for widespread diffusion of digital technologies
- to enable remedial action to be taken.

The *eEurope* benchmarking exercise will consist of a combination of two main elements: **quantitative benchmarks**, derived from analysis of indicators in relevant areas and **qualitative benchmarks** which indicate best practice in operational terms. The additional surveys and data collection required to support this process will be funded from the **Promise Programme**⁴, which has been re-oriented to focus on support for *eEurope* activity.

Data collection and benchmarking focused on the Information Society are on-going in the Member States and in Eurostat. In order to ensure that full account is taken of existing initiatives, the French Presidency and the Commission organised a meeting on 27th October 2000 in Brussels with national experts. The outcome was a tentative list of *eEurope* indicators which will be further developed in the coming months.

Building on this progress the European Commission will collate existing data and launch the necessary work to secure new data. This data will be presented on an *eEurope* benchmarking website, which will give a comprehensive overview of Europe's position in the new economy. Over time, data will be updated in order to complete the coverage, monitor progress and highlight strengths and weaknesses.

³ The Internet Corporation for Assigned Names and Numbers which has global responsibility for domain name management.

⁴ See http://europa.eu.int/ISPO/promotion/i_promise.html for details.

4. Issues to be addressed

Since its launch the eEurope 2002 Action Plan has stimulated a great deal of activity in relation to the different targets proposed. Nevertheless there remain some further issues that needs to be urgently addressed:

A key challenge will be the linking of benchmarks and best practice to policy implementation. The *'open-method of coordination'* agreed in Lisbon needs to be defined. A major element of such co-ordination will be the exchange of experiences on how exactly eEurope targets are being implemented. What approaches and levels of action are proving to be effective? eEurope benchmarking should ultimately provide Member States and other actors with a series of policy solutions which have been effective in tackling the barriers it set out to address.

One issue where progress needs to be strengthened, in particular in relation to effective co-ordination, is the area of **information systems security**. In order to achieve the objectives of eEurope more extensive co-ordination between Member States, is necessary. In relation to cybercrime, the Commission is adopting a communication on cybercrime and cybersecurity⁵ in parallel with this eEurope update. Further work will be required to ensure a coherent and effective European approach to this important issue.

The potential of digital technologies to generate significant productivity gains in such areas as transport, education and health, is not fully exploited for several reasons:

- fragmented markets,
- difficulties for private investors to access publicly owned infrastructure
- the broader social benefits of investment are often greater than the market incentives.

Member States and the European Commission need to reinforce their efforts to achieve eEurope goals in these sectors, in particular through linking the research programme more effectively to needs and strategic use of public funding to leverage private sector support.

A favourable environment for e-commerce in the Union needs to be established. SMEs must be able to consider the EU as their domestic market for e-commerce. Consequently Member States need to ensure the rapid transposition of the e-commerce and e-signature Directives in order to ensure that an Internal Market is established with a level playing field for all businesses.

Finally, there is a strong political interest to utilise the potential of the new economy to the benefit of the enlargement countries and, in a wider context, to support economic growth in developing countries. The accession countries agreed at a conference in Warsaw in May 2000 to develop plans to mirror the eEurope Action Plan. Further work is needed to make eEurope+ (i.e. the extension of eEurope to the accession countries), a reality. The G8 Summit in Okinawa agreed a number of measures to address the widening “digital divide” between developed and developing countries. In particular they established a G8 Digital Opportunities Task Force (dot force) to provide *'recommendations on global action to bridge the international information and knowledge divide'* for discussion at the next G8 summit in Genoa in 2001. Further efforts are required to build on this commitment and ensure concrete progress.

⁵ Creating a safer information society by improving the security of information infrastructures and combating computer-related crime.

5. Next Steps

To conclude, within the next two years *e*Europe 2002 requires the achievement of some ambitious objectives. The details in the staff paper published in parallel indicate that there is a need for continued efforts in many areas to ensure that *e*Europe will be achieved by 2002.

Member States have made substantial efforts to achieve the objectives set in the action plan - as shown by the parallel report from the French Presidency. **These efforts need to be more effectively linked** both through ensuring transparency and through the co-ordination and benchmarking exercise. A key element for this process will be the *e*Europe website which will be built up during the coming months and which will feature extensive linkages with national related initiatives to ensure full awareness of ongoing work within the European Union.

Progress in these activities needs continued commitment at the highest level. The forthcoming Stockholm Spring Council will provide the opportunity to take stock of the progress since Lisbon and, if required, provide for the deepening of the *e*Europe strategy. In addition, the efforts of the forthcoming Presidencies - Belgium, Spain and Denmark - will be vital in ensuring that the *e*Europe Action Plan is realised.