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Ladies and Gentlemen,

Welcome to everybody and thank you very much for this opportunity to talk about our vision for the digital future. It is a vision that cannot be seen as an isolated European issue. This is a real global challenge and opportunity.

I will also say a few words about our current thoughts and priorities, in light of the European Council's Conclusions of two weeks ago.

The Digital Agenda for Europe is there to support citizens, to boost confidence in ICT and to lift competitiveness.

But this is not just for Europe. We have seen the role the Internet can play in countries like Tunisia and Egypt. And there are billions more people still to come online: they will mainly be young people from emerging economies, and they will have a distinct outlook and needs.

I see the European Commission's role as an **enabler**, a catalyst and an honest broker.

Yes, we are in a time of **crisis and budget cuts**. But for me this should give us an added impetus. At a time of global change, it is not an option to stay put. If we use ICT

effectively the change can be less painful, and more effective. If we don't invest in the future, we will remain stuck in the past.

Digital single market: a major source of growth

The digital economy is a major source of growth and jobs. A true digital single market could deliver 4% extra GDP growth over the next ten years.

Recent evidence presented to the eG8 Summit indicates that the internet contributed 20% to GDP growth from 2005-9.

To take an example, over the last 15 years in France alone over 700,000 jobs have been created in the ICT sector; that's more than work in agriculture.

The European Council recognised this potential on 23 October 2011. It invited the Commission to rapidly present a **roadmap** on the completion of the **Digital Single Market by 2015**, which it had called for in June of this year. It asked us to give priority to the following issues:

- facilitation of **e-commerce** and the cross-border use of online services,

- achieving the **broadband** coverage objectives set out in the Digital Agenda,

- facilitating **secure electronic identification** and authentication and

- modernising Europe's **copyright** regime.

Lastly, it also called for a rapid agreement on the **Radio Spectrum Policy Programme**. On this point, I am pleased to say we now have an agreement in principle between the co-legislators.

Globally, $8 trillion in goods and services are traded over the internet each year.

E-commerce is a source of growth which is necessary to boost and it is urgent to close the gap between the 40% of EU citizens who buy online in their own country and the 9% who buy online across borders.

Goods offered in other countries are often at least 10% less expensive than domestic goods. Facilitating cross-border e-commerce will bring benefits to consumers by lowering prices and enhancing competition.

There are many areas where a stronger effort could influence growth :

Firstly, there is broadband: adding 10 percentage points to your **broadband penetration** can add between 1 to 1.5% to your national GDP. But this can only happen if countries make investments in broadband the centrepiece of their growth strategy.

Secondly, we also need to **focus our efforts on financing ICT start-ups** by creating a good environment to start new businesses.

And, let's face it: if you don't make advanced use of ICT, you can't start a new business today, in any industry. In fact, firms with high ICT intensity grow 25% faster than other firms.

And it seems likely to me that the fastest-growing companies of the next few years will be found in the ICT sector. Indeed, with 1.5 trillion € spent annually by consumers worldwide on digital information and entertainment, and growing strongly, this is where the opportunities lie.

Thirdly, we need to have a **copyright regime** for the digital age. Consumers expect, rightly, that they can access content

online at least as effectively as in the offline world. Europe lacks a unified market in the online content sector, which hinders innovation and growth.

The number of legal music downloads are four times higher in the US than in Europe. Europe could gain up to 0.6% in annual GDP growth with a copyright regime fit for the digital age.

Fourthly, we need to design a **cloud-friendly Europe**. An EU cloud would have a silver lining of 400,000 new jobs a year and at least €763 billion in cumulative economic benefits up to 2015.

Fifthly, research and innovation is the lifeblood of economic **growth. The ICT sector, though just** one twentieth of EU GDP, drives **one fifth of productivity growth**, and represents one quarter of EU research and development. Of the remaining three quarters, much comes from industries which <u>depend</u> on ICT - like cars, health and consumer appliances. Investing in research is investing in the future.

It is our proposal to increase the amount allocated to research and innovation bringing it to **€80 billion** from 2014

till 2020. That will bring the share of research and innovation in the EU budget up to 8.5% in 2020.

We also want to allocate a significant part of the EU budget to **infrastructure**, as President Barroso mentioned in his State of the Union address, in order to create a facility to connect Europe – in energy, in transport, in digital. For digital infrastructures, we have e.g. 2 billion earmarked. We have also proposed another €2 billion for investing in European essential and networked public services online. I am talking here about the service infrastructures - servers, generic and interoperable software etc – concerning, for example, eGovernment, eId, eHealth or Europeana, the digitisation of cultural goods.

We have a chance, perhaps <u>the</u> chance, to transform the economy so we can maintain our standard of living. This depends not so much on what the Commission proposes but how we act together!

The next months will hopefully prove to be full of activity in this context.