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Seizing the Opportunities of the Global Internet Economy

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

OECD Ministerial Meeting "Future of the internet economy"

Seoul, Korea, 17-18 June 2008

Honourable Chairman Choi, Chairman of the Communications Commission of Korea,

Honourable Secretary-general Gurria,

Excellencies, Ladies and Gentlemen,

It is a pleasure for me to represent Europe during the plenary session of this OECD Ministerial meeting on the future of internet economy. Our meeting is important and topical at a time where ultra-fast broadband is being rolled-out in developed economies while a large part of mankind has no access at all or no access to the internet at affordable prices. Therefore, I would like to thank the Government of Korea and the OECD for organising this high level event.

Since the 1990s, the internet has changed our life and has transformed our economy. This process will accelerate as the mobile internet and ultra-fast broadband make it possible to deliver innovative services such as eHealth and eLearning everywhere, even in the poorest and most remote communities.

Europe is doing well as regards key elements of the future internet economy: our best countries are world leaders, with above 35 % broadband penetration rates in Denmark, Finland, the Netherlands and Sweden. Europe is also a continent of mobile technologies, as you are in Asia. I am confident that Europe will lead the way to mobile internet solutions. These achievements were made possible thanks to pro-competitive policies of the European Union and its members countries, supported by independent regulatory authorities, fostering competition, innovation and attractive prices for consumers.

As the European Union Telecom and Convergence Minister, I want to congratulate Korea for the number of broadband subscribers who get above 100 Megabytes per second internet connectivity – but we are working hard in Europe to catch-up! Our meeting follows the successful World Summit on the Information Society and supplements well other forums such as the Internet Governance Forum. We all share the view that the internet is a key tool for **free speech** and contributes to a more **people-centred and inclusive society**. It is also a tremendous instrument for conducting business, for **eCommerce**. One of our favourite leisure activities, television, goes increasingly through the internet, as does our mail and our relations to public agencies.

Because of these explosive developments, some are starting to question the founding principles of **openness and neutrality** that have been essential for the development and tremendous innovation power of the internet. As the internet is, like the space, the seas, the air, shared by mankind, we have to debate and decide upon such key issues at the global level and in close cooperation with the internet community of users. The discussion on network neutrality is not a technical question to be answered by regulatory authorities but firstly a political question to be answered by the people: the internet is theirs! While I believe that we should not overplay this question, our objective as policy makers worldwide should be to prevent powerful interests putting at risk the openness of the internet as a public space and weakening innovation on networks.

Excellencies, Ladies and Gentlemen,

There is also a need for a global approach on the **security of the internet**. I would like to give one striking example on how the security of information networks has become critical for the European Union: the massive Distributed Denial of Service attack on Estonia's networks in spring 2007 which heavily disrupted the eServices of this small European country and isolated the local networks from the global Internet. This attack made governments aware of the impact that such events can have on a national economy and on the fabric of society - indeed, a failure can propagate very widely and also affect other sectors such as energy supply, transport or financial services. We have also seen major disruptions caused by earthquakes in South East Asia and by cable breaks in the Mediterranean area.

What could we learn and what should we do to face future disruptions? Firstly, there is a need for the international community to raise our response to Internet attacks as all countries are tightly interconnected. Secondly, we see a need to deal with these attacks in the broader framework of the policy and security dialogue between countries or regions of the world. Whatever the source of these attacks, international cooperation is needed in order to prevent them or to reduce the damages. In order to support progress on the security debate, the European Commission intends to present at the beginning of 2009 proposals on the protection of the critical information infrastructures, with the aim to improve the response capability in the European Union and to better contribute to international cooperation.

This will become even more critical with the rise of the "**internet of things**". Indeed, RFID and sensor technologies embedded in products will not only significantly impact on business organisation and efficiency, but also impact our daily life, bringing security risks and governance concerns. We must address these risks if the "internet of things" is to deliver its full potential for economic growth. In particular, we must answer citizens' concerns if we are not to get a rejection of these new technologies. In order to stimulate the reflection on the various aspects of the IOT, the European Commission will launch in Mid September both a Recommendation on privacy aspects of RFIDs and a consultation paper on the governance of the internet of things.

Social networks and user generated content are among the current boosters of the economy of the internet. Mobility will further contribute to the emergence of new business models. The relations between these innovative offers and traditional offers such as the press, the music and the audiovisual industry are confrontational in Europe as in the US and, I guess, in Korea as well. As policy makers, we can ease these relations by fostering self-regulatory and co-regulatory agreements, by incentivising the transition towards digital business models and if needed by creating legal certainty on the rights and obligations of the various players in the value chain. In that sense, the European Commission – focusing on creative content industries – is driving a strategic initiative aiming at the **promotion of legal offer of contents online**, the reinforcement of the **consumers' rights** and the **fight against online piracy**. Access to creative and informative contents is one of the main reasons why we use the internet. Protection of IPR is therefore a key issue for ensuring creativity and sustainability of the Internet economy.

I note with satisfaction that the **OECD Seoul Ministerial Declaration** has identified many of the key issues and opportunities for the future of the internet, including recent discussions on **ICT for energy efficiency** and ICT for environment preservation.

It also calls upon governments and industry to accelerate the transition from IPv4 to **IPv6**, thus providing a solution to the address space problem as we indeed risk falling short of internet addresses within 3 years, a situation which the "internet of things" will further deteriorate. Three weeks ago, the European Commission actually set the target that 25% of European internet users should be able to connect to the IPv6 internet by 2010. We will be pushing for it, notably by encouraging public services and leading websites to move faster to IPv6.

Speaking about internet addresses, Europe is proud of the success of the "**dot eu**" **web domain name**, which was launched 3 years ago to provide EU residents and companies established in the EU with a new internet space. The ".eu" TLD will reach, in the course of 2008, 3 million registered domains. The ".eu" reflects the unity of Europe in its diversity. For us, cultural and linguistic diversity is of the utmost importance for the people and a chance for economic growth. This is the reason why I have been insisting so much towards ICANN that the world internet community should have the opportunity to finally use an Internet recognising diversity with the introduction of **Internationalised Domain Names**.

Excellencies, Ladies and Gentlemen,

The spectacular take-up of **mobile technologies** in Europe and in Asia – and increasingly in the developing world – massively based on the GSM standard, makes it easy to predict that internet capable handsets will become a mass consumption product within a few years. We integrate a mobile broadcasting function – you might have noticed that Europe has just made the choice of a single standard for mobile broadcasting, the DVB-H standard, which perfectly supplements the worldwide success of DVB-T for terrestrial television. As European companies are at the forefront of convergence between audiovisual media, telecom and the internet, I am confident that this shift towards mobility will reinforce our position.

We in Europe believe that, in the full respect of intellectual property, innovation should be shared. This is the reason why we are in favour of cross-border research in Europe and between Europe and other parts of the world.

A part of these research efforts goes to the **future of the internet**, in particular with projects for the improvement of the internet architecture and projects on 3D internet. Indeed, trends in mobile use and a continuing increase in the objects connected to the Internet and the applications running them are going to be so demanding for the current infrastructure of the Internet that new architectural solutions may be needed and more efficient - today's internet was not designed with 100 Megabit-per-second data rates in mind. Scalability, routing, security and trust are issues that the basic network architecture might have to adapt to.

In order to shape this "future internet" for the benefit of our citizens and the innovation potential of our companies worldwide, the European Union intends to spend 300 million Euros until 2013. I call today our partners worldwide to join this effort!

A wonderful tool of cooperation between research communities worldwide is offered by high capacity research networks. Europe has put in place and supports the **GEANT network** – a multi-gigabit pan-European data communications network, reserved specifically for research and education use. I am proud that GEANT is largely connected to networks in Asia and I would like in particular to congratulate Korea for the leading role it has taken in the Trans-Eurasia Information Network since its conception at the ASEM summit in Seoul in 2000. ICT research is money well spent as ICT account for a large part of productivity growth – 40 % in Europe – and a substantial part of the GDP growth – 25 % in Europe.

Excellencies, Ladies and Gentlemen,

On the issues of research cooperation and cooperation on the standards, as well as on regulatory cooperation, the European Union is willing to reinforce its relations with other parts of the world. I will therefore propose in the coming weeks an EU strategy to establish **stronger and more comprehensive partnerships** with other parts of the world. In this context we have to secure a level playing field in terms of conditions for investment and regulatory rules. As regards research activities in these renewed partnerships, our joint priorities could usefully be inspired by the research agendas of the European Technology Platforms, which gather industry, academia and research institutes on strategic areas such as software – including open source – robotics, electronic media, nano-electronics, mobility, embedded systems and photonics.

The internet is a wonderful tool for researchers. It also facilitates **inclusion**, between social groups and between ages. For this to happen faster, I have decided to act the end of this year I will present a comprehensive Action plan to make a wide range of services and technologies accessible to all Europe-wide.

The issue of inclusion is to a large extent linked with the price of electronic communications, in particular broadband. Our approach in the European Union roots in open markets and competition, and takes advantage of modern regulatory frameworks for networks and for content – for instance in 2007 we have modernised the rules applicable to audiovisual media services and enlarged their scope to on-demand services such as the video-on-demand services that are flourishing in Europe. In some parts of the world, the lack of independent regulators, the excessive dominance of incumbent operators and hence the lack of competition are detrimental to a more vibrant market, cheaper prices and more services offered to consumers. Opening the markets to foreign investments must become normal. I am glad that the Seoul Declaration rightly acknowledges this. I believe that we can accelerate this move by enhancing our regulatory dialogue, exchanging and applying best practices.

Excellencies, Ladies and Gentlemen,

I very much welcome that the Seoul Declaration sticks to the conclusions of the World Summit and to the 5 priorities identified by the Internet Governance Forum: openness, security, access, diversity and critical Internet resources. This notion of the Internet as a "public utility" must continue to be a central guiding principle as we seek to ensure that its benefits are available to all and that it is protected from capture by any particular stakeholder group, whether it is particular governments or specific private sector interests.

We must ensure that a future Internet has a sustainable model of **Internet governance** underpinning it, one that is equitable and inclusive. The subject of Internet governance has been a key issue of the debates at the World Summit in Tunis in 2005 and will only become more important in the future as the Internet itself becomes more important to our societies, including addressing the digital divide. This issue will certainly be deepened during the next meeting of the IGF that India will host in December.

This OECD ministerial meeting is an important opportunity to reiterate key principles and to highlight the **economic opportunities** created by the internet. I am grateful to the OECD and to the Republic of Korea for bringing together so many governments of the world to help share and propagate this vision.

Thank you for your attention.

