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COMMUNICATION FROM THE COMMISSION

TO THE COUNCIL, THE EUROPEAN PARLIAMENT,
THE ECONOMIC AND SOCIAL COMMITTEE
AND THE COMMITTEE OF THE REGIONS

**The Information Society: From Corfu to Dublin
The new emerging priorities**

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TO THE COUNCIL, THE EUROPEAN PARLIAMENT,
THE ECONOMIC AND SOCIAL COMMITTEE
AND THE COMMITTEE OF THE REGIONS

on

**"The Implications of the Information Society
for European Union Policies**

Preparing the next steps"

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on

**The Information Society: From Corfu to Dublin
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1. The principle of an Information Society Council was established by the Corfu Summit 24/25 June 1994 on the basis of the conclusions of the Bangemann report "Europe and the global information society". The Summit considered *"that the importance and complexity of the issues raised by the new information society justify the setting up of a permanent co-ordination instrument...with a view inter alia to ensuring a co-ordinated approach in the Council."* The Corfu Council invited the Commission to set up an Action Plan covering the measures needed at Community level.

The Action Plan - adopted on 19 July 1994 and entitled "Europe's way to the Information Society" - was discussed in the first Information Society Council on 28 September 1994. The Council invited the Commission to take up a number of measures in fields outlined in the Action Plan. The guidance given by the Council provided in particular an important impulse towards the liberalisation of telecommunications.

The Action Plan has successfully established a first framework for the European Union information society policy. On this basis, good progress has been made over the past two years:

- As regards the legislative framework, the Commission has presented a complete reform package leading to full liberalisation in telecommunications by 1st of January 1998. The fourth Framework Programme on research and technological development is successfully being implemented and it incorporates three specific programmes related to information and communication technologies. Several measures aimed at increased awareness building have been launched. The G7 Conferences held in Brussels in February 1995 and in South Africa in May 1996 also contributed to raising awareness.
- Most of the measures outlined in the Action Plan have either been realised or are being launched. However, some actions are pending as their preparation takes more time than expected, e.g. information security.
- Valuable experience has been gained in the process of the implementation of the Action Plan. The Commission has now a more comprehensive picture of the measures necessary to achieve the objectives of its information society

policy. In addition new questions and issues have emerged. It is therefore time to review the Action Plan in order to give the information society a new political impetus. This is the objective of the Information Society Council on 8 October 1996.

2. Four main policy lines have been identified as priorities of equal importance:

(i) Improving the Business environment

European businesses have started to adapt to the increasing competitive pressure and to grasp the enormous opportunities of the information society. But for this difficult exercise they need a favourable business environment. This means in particular that full telecommunication liberalisation must be effectively implemented throughout the European Union by the 1st of January 1998. It also means that increased transparency and consistency of national regulation related to information society services is needed to ensure fair competition and the functioning of the internal market. Finally, more attention needs to be given to the speedy take-up of information and communication technologies by the various sectors of the economy including SMEs.

(ii) Investing in the future

The information society means a knowledge-based society. In order to enhance Europe's knowledge-base, information society related research should have a key role in the 5th Framework Programme as stated in the first orientations that the Commission adopted on 10 July 1996. The Commission will elaborate appropriate measures to respond to the invitation of the European Summit at Florence *"to rapidly work out an action plan on the initiative 'Learning in the Information Society'"*.

(iii) People at the centre

Putting people at the centre of the information society policy is a Commission priority, i.e. to respond better to their expectations and concerns on issues such as access to a wide range of services and content. In practice the Commission intends to advance towards a closer integration of Structural Funds and the information society policies to address social questions, to protect consumer interests and to improve the quality of public sector services.

(iv) Meeting the global challenge

Increasing globalisation means effort should be put on defining global rules. The Commission considers the completion of the WTO negotiations highly important in this respect. An information society of a truly global nature means increasing collaboration with our neighbours and helping integrate the developing world to the information society of the 21st century.

3. The Commission hereby submits the following documents to begin responding to some of these new political priorities:
 - (i) A Communication on *"The implications of Information Society on European Union Policies - Preparing the Next Steps"*. This is of particular political importance as it lays the foundation for adapting the Action Plan which the Commission will carry out by the end of this year in order to take into account new strategic priorities.
 - (ii) A Green Paper on *"Living and Working in the Information Society: People first"* which is intended to deepen the political, social and civil dialogue on the most important social and societal aspects of the information society.
 - (iii) A Communication on *"Standardisation in the Information Society"* examines how, in the light of the characteristics of the ICT market and the ICT standardisation process, the best possible conditions can be created for the drawing up of the standards needed for the implementation of the information society.
 - (iv) A draft directive on *"Regulatory Transparency in the Internal Market for Information Society services"* which sets up an information mechanism on legislative initiatives of the Member States.

4. The Commission invites the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions to give their opinion on these key policy orientations in order to prepare a revised Action Plan in time for the Dublin European Council.

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**on
"The Implications of the Information Society
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1. INTRODUCTION

The information society has in recent years moved to the top of the European Union political agenda. This development is an explicit recognition of the important role that new applications and services can play in addressing the challenges of global competitiveness and employment. The information and communication industries are the fastest growing of the world, growing at an annual rate of 7 to 8 % per year. Their contribution of world gross domestic product is expected to double by the year 2000 to approximately 10 %. This situation is matched in Europe with very strong opportunities for broadcasting, computers software, electronics, publishing and telephone companies. Whilst Europe is strong in some segments of the market, we are still lagging the United States and Japan in several key areas. It is absolutely essential for the future of all sectors of the economy and for Community citizens that Europe succeeds in these sectors.

A comprehensive European Union information society strategy was launched in July 1994 with the submission by the European Commission of an Action Plan entitled "*Europe's Way towards the Information Society*". The Action Plan, provides the European Union with an integrated information society framework encompassing a number of key European Union policy areas, including telecommunications, research and development, innovation, competition, SMEs, economic and social cohesion, audio-visual, international relations and culture.

While the goals outlined in the Action Plan remain valid, the pervasive nature of the information society and recent global developments **require the updating, reinforcing and re-adjusting of actions already undertaken and the incorporation of the information society dimension in policy areas not originally addressed in the Action Plan.** In addition, the multifaceted nature of the information society implies a need for greater policy co-ordination between the various Community policies and between the Communities different instruments and funding mechanisms.

Against this background, the objective of this Communication is to indicate the impact of the information society on European Union policies, thereby highlighting future priorities.

2. FUTURE POLITICAL PRIORITIES

2.1. IMPROVING THE BUSINESS ENVIRONMENT

The information society is rapidly and radically changing the business environment and putting additional competitive pressure on European industry. Europe must not miss the chance to increase its competitiveness and therefore improve the employment situation. European businesses have started adapting to the new situation and have a good basis of workforce, capital and technology. Coping with the changes however is a complex issue where no pre-defined solutions exist and therefore it is highly risky. In order to undertake the necessary adjustments, European businesses need a clear and predictable framework that will enable them to take full advantage of the new market potential

¹COM (94) 347

a. Making a Success of 1998

The establishment, by 1st January 1998, of a new regulatory framework for telecommunications based on full liberalisation, will play a vital role in unleashing the private investments required to create the communication infrastructure necessary for the development of the information society in Europe. Competition is necessary to improve the quality of communication services, drastically reduce prices and trigger the emergence of a plethora of new services.

The European Council at Florence underlined the importance of liberalisation and the creation of an internal market for telecommunications. It invited the Council of Ministers to move further on the way towards liberalisation.

The Commission and Member States have already made substantial progress in liberalising a number of major market segments ahead of 1998. These include mobile and satellite communications, use of cable television networks for telecommunications as well as of alternative infrastructure for already liberalised services as of 1st of July 1996.

Certain Member States have asked for derogations² from the scheduled timetable for the introduction of full competition. The Commission is considering these requests and the decisions on these derogations, will be taken following a public consultation process³. However, given the importance of a liberalised telecommunications sector for the whole economy, those Member States which have requested derogations are invited to shorten the period or where not justified, to renounce them.

Making a success of 1998 depends not only on the timely adoption of the regulatory framework but, more and more, on its effective implementation. Incomplete, divergent or late transposition, as well as inefficient application of the regulatory package at Member State level, could lead to distortions of both competition and the functioning of the internal market. National Regulatory Authorities will need the resources and independent authority to assume their full role in this respect. The changes to be faced parallel in many ways those faced in implementing the single market. Another important element is the assessment under competition law of the behaviour of the dominant telecommunications operators in the run up to the 1998 deadline. This concerns, in particular, alliances, agreements and pricing strategies.

Telecommunications is by definition a sector that is trans-border, so in addition to the minimum harmonisation measures, additional co-ordination between the relevant regulatory authorities is necessary. Particularly in the fields of licensing, frequency allocation, numbering and external relations (e.g. with respect to the International Telecommunications Union) the need for intensified co-ordination is already becoming evident. The European Union should be prepared to assume its responsibility in this context. The Commission is also examining to what extent it may be necessary to create a telecommunications regulatory function at European Union level.

² Greece, Ireland, Luxembourg and Portugal have asked for derogations.

³ This consultation will respect the usual Community principle of confidentiality

b. Making the Internal Market Real

The new information society products and services require the scale of the Internal Market to develop to their full potential. The Commission must therefore continue its efforts in safeguarding and improving the proper functioning of the Internal Market. Remaining barriers should be removed by directly applying the principles of the Treaty, in particular the free circulation of goods (art.30), the free provision of services(art.59) and the freedom of establishment (art.52). The Commission's aim is to ensure that any possible regulatory response to the new services, aimed at the protection of general interest objectives⁴ is carried out in the framework of the Internal Market.

New applications and services are developing very fast and it is impossible to predict which one will eventually find a market. Over-hasty legislation should be avoided until it is clear where and what type of intervention is required. In addition, it is important to remove or prevent existing or emerging obstacles which may inhibit businesses from taking new initiatives and committing investments to them. To this end, the Commission is analysing potential barriers for certain new information society products and services, e.g. electronic commerce.

Member States are currently undertaking to update their legislative framework in response to real, sometimes politically heightened pressure. Such actions could result in inconsistent national legislation thereby hindering the transborder provision of goods and services. In this context, to counter any threat to the integrity of the Internal Market, the Commission is proposing a directive concerning a regulatory transparency mechanism to cover information society services. This is aimed at ensuring the coherence and flexibility of national regulatory measures while at the same time minimising the risk of over-regulation at Community level.

In certain areas, it might be necessary to establish regulation at Community level, with the objective of ensuring that information society products and services benefit fully from the advantages offered by an area without internal frontiers. Such a regulatory framework would also protect and stimulate creativity and innovation. Certain aspects of that regulatory framework are already underway⁵. The need for the establishment of a consolidated legislative framework for the information society and for telecommunications is also currently being examined.

An additional new challenge for the regulatory framework will be the emerging technological convergence between telecommunications, electronic information services and broadcasting. The Commission is currently analysing the problem of the lack of relevant consistency with respect to the existing legal frameworks.

User confidence must be ensured in order to achieve a wider use of the new services for commercial transactions as well as for the transmission of official documents. At the same time, this is also in the interest of the business world, since increased user confidence means increased demand. Therefore, means to ensure privacy,

⁴such as the protection of privacy, the protection of minors, consumer protection, morality issues, public health, the protection of intellectual property rights, professional ethics, the dissemination of culture, the protection of pluralism, etc.

⁵ Relevant Green Papers adopted by the Commission are "Copyright and related rights in the information society" (COM(95) 382 final), "The legal protection of encrypted services in the Internal Market" (COM(96) 76 final), and "The Commercial Communications in the Internal Market" (COM(96) 192 final)

confidentiality and electronic authentication must be available. The Commission is preparing appropriate proposals.

c. Facilitating Industrial Change

Information and communication technologies (ICT) are critical to the future competitiveness of all industries, commerce and services (e.g. in the design and manufacture of products, in the products themselves and in the business processes). Success for Europe depends, therefore, on the speedy take-up of ICT by European enterprises in general. The concept of distributing good practices and applying benchmarking should be promoted in this respect. This is important especially for small and medium-sized enterprises (SMEs) which account for over two thirds of the European workforce and therefore play a central role in the creation of new job opportunities⁶.

SMEs are crucial for innovation. The Green Paper on innovation has shown that there is a mismatch between Europe's scientific and technological potential and its record in innovation. Removing obstacles and the availability of the necessary instruments must be promoted (e.g. venture capital).

SMEs are also vital to development and diversity of the new multimedia content market. This market demands flexibility and cultural proximity for the provision of tailor-made information services and it is dominated by newly created SMEs. Member States and the EU should provide the appropriate environment for SMEs to flourish. In particular they should devote considerable effort in order to increase understanding concerning the needs, priorities and obstacles (e.g. bureaucratic burdens), hindering the creation and running of SMEs and their use of ICTs

For consistent and fast market development, "de facto" standards and publicly available specifications drawn up by market groups are increasingly important. This has significant consequences: avoiding dominant positions or monopolies; guaranteeing public interests and standards in public procurement. Standardization also plays an important role in this respect and is being addressed by a separate communication.

2.2. INVESTING IN THE FUTURE

The information society is predominantly a knowledge based society. Participating in the information society means more creativity, communicating faster, developing new ideas and learning how to learn throughout life. People and know-how are the main capital of Europe. For this reason, we have to strengthen our investment in enhancing our knowledge base and in improving education and training.

Investing in the future also means that we preserve, as much as possible, the environment for the future generations. Sustainable development can benefit from the information society. The use of ICT offers major opportunities for less scarce resource-intensive life styles.

⁶The European Social Fund, in particular objective 4 and ADAPT (Community initiative) can be used to facilitate these changes.

a. Enhancing our Knowledge Base

Budgetary constraints are putting increasing pressure on funds available for research and technology (R&D) - in both the private and the public sectors. This may bring short term budgetary relief, but at the cost of cutting Europe's future ability to innovate and compete in the next century. There the stakes could not be higher.

Community R&D policy has contributed to laying the foundations of today's information society achievements in Europe. This is not a task with a finite horizon. On the contrary, technology is pushing the horizon into unexpected new frontiers. This is why information society related research must have a central place in the 5th Framework Programme of R&D.

The Commission has recently adopted a Communication⁷ on the first orientations of the Fifth Framework Programme. It introduces a clear concentration of effort on three key fields - one of which is the information society. Research in this field will aim at the development of technology, infrastructure, services, applications and content. It will be designed to better meet the increasing demands of industry and society.

Given the speed of technological change it is essential to match the time scales of the programmes to the new realities. It is also necessary to focus ICT R&D efforts on themes of general interest addressing specific user needs in the information society and to the technologies needed to fulfil them. This implies the establishment and management of inter-disciplinary, inter-programme co-ordinated efforts which will reflect the convergence of industries and technologies.

The Information society supports the vision of a "global research village". Europe needs high-speed research networks to be fully integrated into the international research world, as well as to improve cross-border collaboration between Member State national and European research institutes.

b. Improving Education and Training

The pace of change is increasingly fast and skills must be constantly adjusted to meet the changing needs of the work place as well as in the home. New information and communication technologies and new ways of learning have already been integrated in the Commission's education and training programmes⁸. The Commission has taken specific initiatives⁹, issued a White Paper on *"Teaching and Learning - Towards the Learning Society"* and will stimulate a wider discussion on the challenges of countering skills obsolescence of the adult workforce through a pro-active approach to adaptation and change through the Green Paper *"Living and working in the information society: People first"*.

⁷ Preliminary guidelines for the 5th Framework Programme of research and technological development COM/96/332/7

⁸ SOCRATES and LEONARDO DA VINCI as well as in the Telematic Applications Programme

⁹ The Task Force on Educational Software and Multimedia. 1996 has been proclaimed European year of life-long learning in order to raise public awareness of the importance of learning not only within the educational system but also at home and at work.

The Information Society Forum¹⁰ believes that the education and training must be quickly revised so that learning institutions are more responsive to the needs of the emerging industries. The Forum also stresses that introducing the information society in schools means changing the way schools work. This will not be easy because of the financial implications and traditional inertia. Education in the information society must move away from a system centred solely around teachers to focus more on learners. It must be build around learning and less around teaching.

In recognition of the importance of the role of education and training the European Council at Florence has asked the Commission to quickly elaborate an action plan on "*Learning in the Information Society*". It will include the interconnection of school networks at European level, the promotion of multimedia educational content, and the stimulation of awareness and training of teachers and trainers to the use of new information society tools.

In this respect, a major contribution is expected from the private sector through the establishment of public and private partnerships.

c. Addressing Sustainable Development

The concept of sustainable development reflects a growing awareness that current generations should meet their needs without compromising the quality of life of the future generations, without causing resource depletion and without causing environmental destruction.

By way of example, telematic applications can help to reduce the requirement for transport infrastructure investment, urban congestion and pollution. This can be achieved both directly, with traffic management systems, and indirectly, as a result of professional applications such as teleconferencing and teleworking which will reduce the need for physical mobility. Monitoring of air pollution levels with links to traffic management systems could be used to re-route or stop traffic when air quality reaches a certain threshold limit.

ICT can be a major tool for sustainable development even though environmentally friendly development is not automatically guaranteed. Much depends on the framework within which the new technologies are used. As the Information Society Forum states, there is a risk of a "rebound" effect where by collectivity gains - as it happened in the past - may create additional demands for material consumption and sustainability is lost.

Influencing the behaviour of both citizens and of the businesses towards a sounder use of resources, will require the increase of awareness as well as the provision of the appropriate economic incentives (e.g. tax incentives).

¹⁰ The Information Society Forum has been set up by the Commission to provide advice on information society issues and brings together all relevant sectors and interest groups. Its first report is entitled "Networks for people and their communities".

2.3. PEOPLE AT THE CENTRE

The information society provides opportunities for enhancing individual lifestyles and the public interest in general. European citizens will enjoy a wider range of new services which will contribute to improving their quality of life, both at home and at work. In addition, the new technologies can potentially contribute towards overcoming social exclusion and regional disparities. However, the changes introduced by the information society also present new challenges for society, and care needs to be taken to ensure that the benefits are evenly distributed between different parts of the Union and citizens.

Ensuring the public interest means that consumer protection will have to be adapted to the new conditions resulting from the rapid emergence of ICT-based products and services.

a. Enhancing European Integration

Active participation in society is more and more linked to having access to the information services while physical proximity is less important. The relevant disadvantages of peripheral regions can thus be reduced through direct connection. This offers new opportunities to participate in markets; in education and training; as well as having access to culture through on-line electronic libraries, museums and galleries. However, the participation in the information society of all European regions will not happen automatically, but requires active policy measures.

One of the key factor for access to the information society is the availability of telecommunications infrastructure. However, a number of analyses¹¹ suggest that, though converging in many ways, significant differences in levels of infrastructure development among Member States and regions remain or may even be newly created.

Liberalization will increase the quality of services and will drive prices down. At the same time the obligation of universal service¹² will ensure that basic telephony services which already include access to on-line services will be available for all at affordable prices. However, as private infrastructure investments are demand driven it is to be expected that access to the new and advanced services will be introduced at different speeds and conditions in the Community.

To reduce the risks, local, regional and national initiatives are needed, not only to attract infrastructure investments but also to stimulate the demand for new information services. The transfer of experiences and best practice already developed by advanced regions could help in this respect (e.g. in strategy development, in the use of "telecottages", in teleworking). However, there is still a great reluctance and lack of awareness. Rural areas and less favored regions need to develop specific initiatives in order to encourage private-public or cross-regional partnerships, elaborate regional strategies and launch pilot applications

¹¹See in particular the study on "Assessment of the social and economic cohesion aspects of the development of the information society in Europe" prepared for the Commission on the basis of COM(94)347 final, Third Chapter, paragraph b).

¹²Universal service is an evolving and dynamic concept. The Commission in its Communication COM (96)73 has undertaken to report by 1st of January 1998 on the scope, level, quantity and affordability of universal service and to consider the need for adaptation.

Some local and regional initiatives already benefit from support at European Union level under the relevant instruments in particular the ERDF (but also Social Fund, Trans-European Networks, R&D). Building on the experiences of existing initiatives, the Commission will further address these issues in the near future in order to advance towards a closer integration of information society aspects in the Structural Funds policies.

The European information society also needs to reflect the shared values which form the basis of the European social model, including democracy and individual rights, equality of opportunity and social welfare and solidarity. In our rapidly changing world, it is important to ensure that the information society reinforces, rather than undermines these values. Emphasis must also be given to the specific needs of women, of older and disabled people, of less educated workers as well as of minorities.

Against this background, the Commission has initiated a number of actions with the general objective of placing European men and women at the center of the European Union information society strategy. An Information Society Forum and a High-Level Group of Experts on social and societal aspects of the information society has been established. The deepening of the political, social and civil dialogue on these issues will be addressed by the Green Paper "*Living and Working in the Information Society: People first*". After the completion of the relevant consultation process the Commission will present action proposals.

b. Protecting Consumer Interests

Consumer interests must be safeguarded by systematically taking them into consideration during the development of European Union policies applicable to the information society.

As a part of a this general approach, the Commission will initiate research actions aimed at developing information and communications technologies which are more user-friendly, and will seek to test pilot applications with the co-operation of consumer organizations. The Commission will also encourage the systematic involvement of consumer representatives both in the standardization process and in the consultation process which is an essential part of the development of any legislation applicable to information society issues.

At the same time, unwanted or offensive information content disseminated on on-line services, as well as on the Internet and the protection of minors are of particular concern. The Commission is currently studying this issue, inter alia in the context of the Green Paper on "*New Audiovisual Services*". It is also clear that solutions also have to be found within the international context.

Consumer awareness and understanding of the impact and implications of the information society on their daily lives should be further improved in order to enable them to appreciate the benefits of opening up of telecommunication markets but also of the risks arising from the ICT developments. In this context, the theme of "*Count-down to 1998*" should be promoted. It is also important to help the consumer to navigate and to make informed choices between alternative media content (i.e. media competences). This will imply a greatly increased effort in consumer education, not only in schools but also for adults.

c. Improving Public Sector Services

The public sector must increasingly use new technologies to improve the quality, openness, transparency and user-friendliness of public services. The use of ICTs is also required to boost the efficiency of public administrations, something which is becoming a key requirement in the context of economic globalization and budgetary restrictions.

The Commission ought to become a front-runner in the use of ICT tools in its operations, thus setting a Europe-wide example for public administrations. This concerns the procedures and tools used in the daily work of civil servants; the links with the Commission's decentralized agencies; as well as relations with Member State administrations and the general public. In this respect, the Commission has started to use electronic submission of proposals in the ACTS and ESPRIT R&D programmes.

In addition, coherence must be enhanced between the public services networks of the Member States in order to ensure seamless communication between all levels of public administration across the European Union.

All levels of public administration, whether local, regional, national or European must facilitate public access to public information by the use of new applications (i.e. public information kiosks or on-line systems).

d. Ensuring Cultural Diversity

Content is an essential component of the information society, both as a major and growing source of business revenue and as a vehicle of ideas and values contributing to the preservation and promotion of Europe's cultural and linguistic diversity. Therefore, while the integration of the European content industry into the global economy must gain momentum maintaining European cultural diversity is a central issue.

Europe's vast cultural heritage could offer a major potential advantage in economic terms. Its optimal exploitation will largely depend upon the development of a consistent regulatory framework for new products, services and content. This in turn will to a large extent depend on content protected by copyrights and related rights.

The European Union recognizes the growing importance of the audiovisual programme industry and has launched a number of initiatives¹³.

The media sector is undergoing profound structural changes. On the one hand, big media conglomerates are extending their activities from printing and traditional broadcasting to electronic publishing and digital television services. It is clear that the large capital investments that are necessary for the participation in the new media market are possible only for actors of a certain size. Nevertheless, pluralism and cultural diversity are central values to the European democracies.

¹³ This is reflected in the MEDIA II and INFO 2000 Program, the proposal for multi-lingualism, the preparation of a Green Paper on "New Audiovisual Services" and the revision of the "Television without Frontiers" Directive.

On the other hand, the information society allows more individualized content production and distribution and will widen the spectrum of information services. A good example of this is the Internet. The future interactive digital services will not be characterized by a limited availability of information, but by the opposite; the surplus of information. Thus the development of new services and specialized channels will contribute significantly to pluralism and cultural diversity.

The mass media have a strong influence on public opinion. Therefore, in all Member States regulation on media concentration is in place. However, an initiative at European Union level has become necessary in order to coordinate regulation, to accordingly strengthen the internal market and to avoid re-fragmentation from the inconsistent implementation of regulation across the Member States. The Commission is examining whether additional measures will also be necessary so that licensing can promote open access.

2.4. MEETING THE GLOBAL CHALLENGE

The increasing competitive pressure resulting from the progress in communication networks leads to a radical restructuring of companies and is prompting a wave of major global corporate alliances. The restructuring of the economy is further reinforced by the technological convergence of information-related industries, i.e. telecommunications, computers, electronics and content.

Globalization also dictates a change in the socio-economic and institutional organization of Member States towards greater flexibility and efficiency in an already difficult context of high unemployment. At the same time, globalization is opening up new market opportunities which can help to increase economic growth and employment, not only for the industrialized countries but also for the developing countries which launch actions in order to participate in the global information society.

a. Defining Global Rules

Global liberalization of telecommunications will offer many opportunities for community Information Industries. It is important to complete by 15 February 1997, the WTO negotiations on the liberalization of basic telecommunications services. The overall outcome must reflect in comparable and effective access to our major competitors markets and sufficient commitments from newly industrialized countries in particular. This agreement must also include fair and open arrangements relating to the global satellite communications systems. Successful participation in the negotiations will depend on the establishment of effective coordination mechanisms in order to ensure that the Union speaks with one voice.

In addition, discussions on an Information Technology Agreement could help to lower the cost of IT products for multimedia through the removal of trade obstacles for IT products and the promotion of mutual recognition. In this context it is becoming also necessary that the Commission reviews and redefines a new policy for multimedia content classification.

Basic global rules have to be established in order to create a level playing field, for example: securing network interconnection and service interpretability, protecting

intellectual property rights (IPRs), information security, protecting privacy and personal data, promoting global standards, removing trade barriers, securing the free flow of information, avoiding distortions of competition, and addressing the cultural and linguistic dimension.

Many of these questions are already being addressed in appropriate multilateral fora such as the G7, the World Trade Organization (WTO), the International Telecommunications Union (ITU), the Organization of Economic Co-operation and Development (OECD), World Intellectual Property Organization (WIPO) and the World Bank.

However, where multilateral negotiations with industrialized countries and emerging economic powers do not bring effective openness of foreign markets, bilateral negotiations must be pursued, especially as regards procurement rules for telecommunication equipment and Mutual Recognition Agreements (MRAs).

The European Union competition policy must continue to be based on a dual approach. On the one hand, it acknowledges that alliances are required to ensure the critical size of European businesses necessary for global presence and competitiveness. On the other hand, it should prevent the foreclosure of markets and reduce dominant positions.

b. Collaborating with our Neighbours

The European Union also bears a particular political responsibility in integrating its neighbours from Central and Eastern Europe (CEEC), the Commonwealth of Independent States (CIS) and the Mediterranean. These countries already benefit from Community development and co-operation instruments, in particular from PHARE and MEDA. A regional dialogue on the information society has also been launched with the setting up in June 1995 of an EU-CEEC Forum and the organization in May 1996 of a Euro-Mediterranean Conference.

As far as candidate countries for European membership are concerned, special effort is required to associate them more closely with Community information society activities. In particular for the associated countries in Central and Eastern Europe, such dialogue will be pursued in the context of the association agreements and the structured dialogue. A progressive convergence of regulatory frameworks and better integration into European networks and R&D programs must also be achieved. A specific actions plan will be presented at the next plenary meeting of the EU-CEEC Forum to be held in Prague in September 1996.

Proactive support for regulatory reforms, application and infrastructure development as well as R&D efforts must also be a priority in the context of the follow-up to the Euro-Mediterranean conference. Helping the European Union's Mediterranean neighbours meet the challenges of the information society thus supporting their integration in to the global economy is an issue of utmost importance.

c. Improving the Integration of Developing Countries

At a global level, the Conference on the Information Society and Development (ISAD), hosted by South Africa in May 1996, was an important step towards the better integration of developing countries into the global information society. Based on the results of this conference a Communication on "*Information Society and development*" will be presented by the end of 1996. The existing co-operation and development instruments must be redefined and re-orientated to give the development of the telecommunications infrastructures and applications a higher priority in development policies. This is not only a prerequisite for participating successfully in international trade, but also offers new opportunities for their internal development.

3. THE NEXT STEPS

The Council of Ministers and the European Parliament, the Economic and Social Committee and the Committee of the Regions are invited to give their views on the key elements in this Communication. In the light of these consultations the Commission will table an adapted and updated action plan before the end of the year, as well as submitting new proposals for a number of measures which are already identified in the text.