



## Digital for growth: removing barriers to build for Europe's future

Brussels, 01 June 2015

*Speech by Vice-President Ansip at the European Digital Forum*

Ladies and gentlemen,

Europe has spent many years building a single market based on four basic freedoms: the free movement of people, goods, services and capital.

These freedoms allow European people and businesses to travel, trade and operate across all EU countries.

They allow innovative ideas to grow and spread to the greatest possible extent. They allow people to get the widest choice and opportunities that they deserve.

Today, more and more products and services are going digital.

But our single market has not yet gone digital.

We are missing out on a wealth of opportunity.

If the single market freedoms are to remain relevant – and I believe that they should – then they have to go digital.

That means extending the common marketplace that we have for the physical world into the world of bits and bytes.

It means setting the right rules to allow our single market to go online.

In a nutshell, this is the rationale behind the vision for creating a Digital Single Market. Turning it into reality is a top priority for this European Commission.

Less than a month ago, we presented our strategy to make Europe dynamic and digital; the safest, most open online environment in the world.

A Digital Single Market will bring more opportunities and fewer barriers.

It will bring a great deal of growth for the wider economy, and hundreds of thousands of new jobs as well.

It will make a real difference to online consumers and everyday internet users.

People will be better protected when buying online – with more choice and greater access to content, goods and services from other EU countries.

They will end up paying less for getting goods delivered that they buy online.

They will have better internet connections, more opportunities to develop digital skills. They will save time and money by using more efficient digital services.

Businesses will also gain - especially SMEs, startups and web entrepreneurs.

Small tech companies are our digital future. They are the ones who will create the ideas and jobs that Europe needs for its economic growth.

Clearer EU-wide rules will make it easier – and cheaper – for them to sell across borders, to expand their commercial operations and scale-up in Europe.

They will no longer have to adapt to each country's consumer laws, which is a costly exercise in itself.

They will get improved access to finance and a VAT system better adapted to small e-commerce businesses.

Differences in national tax rules are among the most frequently quoted obstacles to the development of cross-border business.

That burden has to be reduced. We will - again - propose a tax threshold that will help start-up e-commerce businesses.

Conditions for competition will be made fairer, with every company – large or small – playing by the

same rules. No discrimination. No favouritism.

Businesses will see more commercial opportunities.

They will get greater access to content, goods and services from other EU countries, in a digitally energised marketplace.

Common technical standards and greater interoperability will help them to develop their products and services faster, reducing their risks and costs.

Ladies and gentlemen,

I do not expect much - if any - of this to be easy.

Nobody should be under any illusions. This will be difficult to achieve.

There will be vested interests fighting us all the way:

- trying to keep things as they are, profiting only a few, putting a brake on innovation, preventing healthy disruption.

Take copyright, for example.

Reforming Europe's copyright rules will be a major initiative in the DSM strategy and is expected to be one of the first that we propose, later this year.

However we address this area, it will certainly be controversial. There are some very strong opinions out there when it comes to reforming copyright in Europe.

Copyright reform will require a delicate balance between increasing the opportunities for content users and protecting the rights of creators, who deserve to make a fair living.

Modernising the rules will also stimulate cultural diversity and innovation.

Today's rules are a mess, so we need to act with some urgency.

They date back to 2001. They are not suited to the digital age, for responding to new technologies, consumer behaviour and market conditions.

This is why we will need to look at new technologies like text and data mining.

Europeans are also fed up. They do not understand why, when they are abroad, they cannot access content for which they have paid.

One in five Europeans sitting at home say they want to access content from other EU countries: films, e-books, audio books, news programmes. Too often, people cannot do this. They are ready to pay, but they are not allowed to do so.

Should they really have to resort to technological workarounds like Virtual Private Networks (VPNs) to bypass the system, to achieve what should already be possible?

Around 20 percent of Europeans use VPNs to do this.

Too many people are also tempted into illegal downloads. That just means everybody loses out – and the creators are first.

Then there is the wide variety of rules that apply across the EU's 28 countries, with exceptions that are different in every one.

Exceptions for public libraries, museums, archives, teaching; different rules everywhere about using photos of public buildings.

The result is a series of national discrepancies: hardly a fair environment for creative competition in a single internal market. The rules should be brought into line across Europe so everyone knows where they stand.

Europe's strength lies in its cultural diversity. But culture thrives on exchange and openness – not from being locked away on artificial cultural 'islands' where others cannot gain access.

Ladies and gentlemen,

Now, let us look at the telecoms sector. We cannot make much progress in building the Digital Single Market without progress on telecoms, and making sure that high-quality connectivity becomes more widely available in all corners of Europe.

It is why the Telecoms Single Market package is so important for building a fully functioning Digital Single Market.

Despite EU heads of state themselves agreeing – a long time ago - on the significance, ambition and urgency of creating a single European telecoms market, it still has not happened.

I think it is due to a lack of understanding of the common benefits for all, focusing too much on national markets - while not realising that what we are talking about is one single telecoms market.

What is needed now is an end-date for roaming, and a convincing roadmap to get us there. Customers must have tangible benefits that they can feel as of now, not X years from now.

We need clear open internet rules that allow for innovation but guarantee equal treatment. We also need to improve spectrum coordination as soon as possible.

Europe must have a true telecoms single market: it is the backbone for the Digital Single Market.

Ladies and gentlemen,

Let me conclude by returning to startups and innovative web entrepreneurs.

They generate a huge amount of digital innovation, responding to business and consumer needs. Take the EU app economy: in 2013, it generated revenues of €17.5 billion, a figure expected to rise to some €60 billion by 2018.

Its workforce is projected to increase from 1.8 million people employed today to reach 4.8 million over the same period. So this is only the start.

Our smaller tech companies could urgently do with some help: fewer obstacles, and more freedom to innovate and scale up in Europe.

They need to be able to take full advantage of their potential. They need a flexible and supportive business environment – to grow fast and across borders; to test ideas and not be punished for having tried.

The Commission is also working on this as part of the Capital Markets Union and the Internal Market Strategy.

I believe that it should be made easier and faster for companies to set up online.

This is already the case in a country that I know well, where it takes just a few minutes to create a business. I am pleased that – finally – there seems to be progress on the single-member company statutes proposal.

Startups and small innovative companies should be given an easier beginning and helped more to bridge the gap from lab to market.

Their problem is not so much getting started - but surviving and then expanding into a scaled-up business operation, especially across borders in Europe.

We need to make it easier for venture capital to invest in startups.

We need to make it easier to begin again after a failure.

That is why I would like to see EU industry considering more takeovers of startups, buying into their expertise and innovation – and raising exit opportunities for founders in Europe.

Both sides will gain, as will the European economy.

Let me close by saying a word of thanks, and encouragement, to the European Digital Forum.

It is a great promoter of young tech companies, providing a helping hand to startups to break through to worldwide success.

We greatly appreciate your work and commitment.

Our objective is also your objective: to empower tech entrepreneurs and help Europe's digital economy to grow.

I look forward to hearing your views – and I hope that I can rely on the support of the European Digital Forum to make the DSM a success.

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