

# Procedure file

Basic information		
COS - Procedure on a strategy paper (historic)	<a href="#">2002/2145(COS)</a>	Procedure completed
Information society: e-economy, impact on companies		
Subject 3.30.25 International information networks and society, internet 3.45.05 Business policy, e-commerce, after-sales service, commercial distribution		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>ITRE</b> Industry, External Trade, Research, Energy		19/02/2002
		PPE-DE <a href="#">KHANBHAI Bashir</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
Council of the European Union	<b>ECON</b> Economic and Monetary Affairs	The committee decided not to give an opinion.	
	<b>EMPL</b> Employment and Social Affairs	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Transport, Telecommunications and Energy</a>	<a href="#">2472</a>	05/12/2002
	Industry	<a href="#">2433</a>	06/06/2002
European Commission	Commission DG	Commissioner	
	<a href="#">Internal Market, Industry, Entrepreneurship and SMEs</a>		

Key events			
29/11/2001	Non-legislative basic document published	COM(2001)0711	Summary
06/06/2002	Resolution/conclusions adopted by Council		
01/07/2002	Committee referral announced in Parliament		
03/12/2002	Vote in committee		Summary
03/12/2002	Committee report tabled for plenary	<a href="#">A5-0434/2002</a>	
05/12/2002	Resolution/conclusions adopted by Council		Summary
12/02/2003	Decision by Parliament	<a href="#">T5-0047/2003</a>	Summary
12/02/2003	End of procedure in Parliament		

## Technical information

Procedure reference	2002/2145(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/5/16358

## Documentation gateway

Non-legislative basic document		COM(2001)0711	29/11/2001	EC	Summary
Committee report tabled for plenary, single reading		<a href="#">A5-0434/2002</a>	03/12/2002	EP	
Text adopted by Parliament, single reading		<a href="#">T5-0047/2003</a> OJ C 043 19.02.2004, p. 0069-0213 E	12/02/2003	EP	Summary

## Information society: e-economy, impact on companies

**PURPOSE :** Economic analysis and policy implications of the impact of the e-economy. **CONTENT :** This communication reviews the impact of the e-Economy on European enterprises in the light of recent market developments. It builds on the work achieved in the areas of telecoms liberalisation and legislative action in favour of a clear framework for e-business. The correction of excessive stock market valuations and the consolidation phase taking place within the ICT sector have eliminated most of the exaggeration that has clouded the debate in the past. Statistical evidence has allowed the emergence of a broad consensus that ICT is increasing the rate of growth of productivity. This communication contributes further detailed analysis confirming the appropriateness of the strategy that the EU has been following. It suggests targeted activities, improving action already under way to foster the take up of ICT, to integrate it with converging production technologies, to increase the availability of the necessary skills, to exploit further the opportunities of the internal market, to encourage innovation and to support research. It also highlights the need to make sure that public administrations not only exploit ICT effectively themselves but also become catalysts or its wider use. The communication looks in details at six areas. 1) On fostering the full participation by SMEs in the e-Economy, suggestions include the following: -foster open standards and certification procedures -reinforce the security of networks and of information -encourage public administrations to be at the leading edge of on-line service delivery and provide incentives for SMEs to access such services, particularly in key areas such as e-procurement, e-tax, and social security compliance, online business registration, online compliance with employment legislation, licensing regulations and patent registration. 2) On the need for skills in the e-Economy, there is a need for reinforcing the dialogue with all stakeholders and fostering public private partnerships to accelerate the development of focused skills programmes and e-learning solutions. 3) In order to maximise the opportunities offered by the internal market, suggestions include: -reviewing existing product legislation, particularly certification requirements and procedures to ensure that they are neutral as between different means of product and service delivery -analyzing the impact for e-business on different distribution channels, and in particular potential conflict between legislation in different Member States. 4) The need to promote openness and competition involves, amongst other things, the development of codes of conduct in the B2B and B2C area, notably to guarantee access in e-marketplaces. 5) The promotion of e-research means, inter alia, the need to support multidisciplinary research activities and to stimulate the management of change in the organisation of enterprises within the e-economy through research and demonstration activities. 6) To increase efficiency in government-business relationships, there is a need to foster the online availability and exchange of information at all levels, and to promote interoperability, both in terms of infrastructure like electronic signatures, as well as in terms of service standards.?

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The committee adopted the report by Bashir KHANBHAI (EPP-ED, UK) on the Commission communication. It identified a number of obstacles to the development of e-commerce in the EU and suggested ways of addressing these issues. The report began by pointing out that the EU was lagging behind the US with regard to ICT investment and access to risk capital for enterprises and said that tax incentives were needed to encourage investment by the private sector and venture capitalists. EU firms were, moreover, still burdened by excessive red tape, and the Commission was therefore urged to avoid excessive regulation of e-commerce and apply a "think small first" approach to formulating legislation to regulate the EU economy, thereby prioritising small businesses. MEPs also called on Member States to establish a pro-ICT environment through further liberalisation of the telecommunications markets and promoting competition. Noting that SMEs were also concerned by security threats to their businesses, which made them reluctant to engage in online business activities, the committee called on Member States to make greater efforts to tackle online security issues, reinforcing the dependability and reliability of networks and information employed by enterprises by raising awareness and spreading best practices. There was also a need to reinforce the legal certainty of engaging in cross-border e-business and to ensure easy access to the relevant legal advice. Another problem identified in the report was the shortage of skilled IT workers in the EU, which had its greatest impact on small businesses as these could not match the employment incentives offered by larger competitors in attracting trained IT professionals. The report stressed that business, the educational sector and

government agencies needed to cooperate fully in closing the IT skills gap, for example by encouraging more students to undertake IT-oriented studies, improving ICT training support for employers and employees at all levels through public and private investment, facilitating the employment of qualified foreign IT professionals on a contractual basis and simplifying pensions and tax arrangements for cross-border employment to promote the mobility of skilled workers. Amongst its other recommendations, the committee wanted to see both formal and informal standardisation of hardware, software, verification, security and support services to facilitate IT access for the population at large. Lastly, it called on the Commission to increase consultation with SMEs to establish the main obstacles to their full participation in the e-Economy.?

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Taking into account the importance of the diffusion of Information and Communication Technologies (ICT) for growth, productivity and employment and the risks posed by a digital divide, the Council has adopted its conclusions in which it underlines the need: - to sustain the efforts to close the e-Skills gaps and to address mismatches despite the economic downturn and structural changes affecting the ICT sector; - to supply in a timely manner professionals with the technical and other skills relevant to the market and needed to ensure employees mobility; - for inclusiveness of the entire available potential labour pool to narrow and close the e-Skills gaps and to address mismatches, particularly addressing the severe under-representation of women in the ICT workforce; - to foster dialogue and the exchange of good practice between stakeholders. The Council welcomes the intention of the Commission to establish a European eSkills Forum in 2003 whose main objective would be to institutionalise an open dialogue between all relevant stakeholders and to catalyse actions to address the priorities that emerge from this process in view of helping to narrow e-skills gaps and to address mismatches. The Commission is called upon to, by the end of 2004, closely to monitor and analyse the ICT basic skills as well as the e-skills gaps and mismatches as well as to report back to the Council and the European Parliament by the end of 2004 on the progress made in narrowing the e-Skills gaps and addressing mismatches. The Member States are invited to promote co-operation between industry, universities and schools in order to achieve adaptation and flexibility of curricula to match future market requirements; to promote lifelong learning in co-operation with Industry in order to prepare for new jobs and a continuous upskilling of the workforce; to promote the attractiveness of studying scientific subjects as a basis for ICT and e-business jobs; to intensify efforts for training and improving skills for all age groups, genders, and people of all ethnic and social origins in the European Union; to develop, where appropriate, new initiatives and measures to help industry and SMEs, to access the talent and skills pools which are critical for their competitiveness, taking into account different levels of professional skills. Lastly, the Council encourages the industry and the social partners to define and communicate the ICT and e-business job profiles needed in the various business sectors and company sizes; to promote a common classification of ICT and e-business skills as a basis to forecast supply and demand of ICT and e-business skills; to facilitate lifelong learning of the labour force and finally to take social responsibility in order to improve the inclusion of the entire available labour pool.?

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The European Parliament adopted a resolution drafted by Bashir KHANBHAI (EPP-ED, United Kingdom) on the Commission's Communication. (Please refer to the document dated 03/12/02.) Parliament expressed its regret that e-commerce is still primarily a business-to-business activity, and stressed the importance of establishing self-regulation based on codes of conduct in order to create trust between partners operating in both the B2B and B2C sectors in the e-Economy. It emphasised the importance of providing incentives to the private sector to encourage investment in ICT. Expenses relating to ICT and training should be tax-deductible. Finally, Parliament supported the commercialisation of publicly funded research through increased collaboration between public and private researchers e.g. government-funded university research laboratories, which serve as incubators for start-up IT firms. These provide a new source of knowledge, as well as access to highly trained scientists and engineers.?