

Europe Needs Digitally Driven Growth

JOINT INDUSTRY STATEMENT TO HEADS OF STATE AND GOVERNMENT AHEAD OF 9 DECEMBER EUROPEAN COUNCIL

“Europe needs growth. And in my view ICT investment is the best way to achieve it and spread it relatively evenly. You get growth when you create the conditions for creating jobs. And you get smart growth when you target your actions and investments and increase your levels of productivity and innovation”

Neelie Kroes, VP & Digital Agenda Commissioner, European Commission, 18 May 2011

We agree. We set out some of the compelling evidence below. Countries across the globe are implementing digital plans to foster creative and inclusive societies, increase citizens' skills, create jobs and growth, reduce the costs and increase the quality of public services, and improve their international competitiveness. We know there are many challenges, for example consumers need to know they, their families and their data are safe in an online world.

Our three technology industry associations understand that European leaders' pressing priority is the financial crisis. But growth is part of the solution and we are committed to work at a detailed level with Member States to grasp opportunities and deal with the challenges to accelerate growth and deliver the promise of the digital age.

Accelerating the digital agenda is central to future productivity growth

Productivity growth has been a fundamental driver of economic improvements in the past and will play an even greater role in the years of austerity that lie ahead. A recent report has argued that Europe as a whole needs to accelerate its rate of productivity growth by 30% simply to match its past rate of GDP per capita growth¹. Failure to raise productivity will reduce Europe's competitiveness, its ability to attract capital investment and to generate new jobs.

The need to raise productivity is not just an economic imperative; it is a social and political imperative too. A decline in productivity will result in a decline in living standards across Europe. Productivity growth will depend upon a number of different factors but a smart exploitation of technology is fundamental. The share of firms in emerging economies that are planning to increase their investments in productivity-linked technologies by more than 20% over the next five years is twice as high as in Europe. Fix this and by 2020 EU GDP would increase by 5%, equivalent to about €760 billion at today's prices, or around €1,500 per person. Completing the Digital Single Market by 2015 would add a further 4% to European GDP or €500 billion by 2020.

Benefits of broadband

A 2009 study showed that 10% higher broadband penetration in a given year is correlated with 1.5% greater labour productivity growth over the following five years and those countries in the top tier of broadband penetration have exhibited 2% higher GDP growth than countries in the bottom tier². According to a study by the World Bank, for every 10-percentage point increase in broadband penetration in high income countries there will be a 1.21 additional percentage boost to GDP growth.

Efficiency from cloud computing

A recent report by the Centre for Economics and Business Research has looked at the economic impact of cloud computing in five large EU economies: France, Germany, Italy, Spain and the UK.

The study found that cloud computing could improve the efficiency of an average employee by an average of 2.1%, whilst also reducing the amount of investment tied up in underutilised IT capacity. In addition, across the five economies, widespread adoption of cloud computing was found to have the potential to generate over €763 billion of cumulative economic benefits between 2010 and 2015.

There is much more evidence and much work remains to be done. We are committed to working in partnership to achieve the goals of the European Digital Agenda.

Member State governments and EU institutions can play their part by promoting a balanced, proportionate and predictable policy and regulatory environment. The investment climate for new broadband networks needs to improve to encourage private sector investment in communications infrastructure that will drive productivity growth across Europe and stimulate a new wave of innovation in services.

ABOUT DIGITALEUROPE

DIGITALEUROPE (www.digitaleurope.org), is the voice of the European digital technology industry. Our membership includes large and small companies in the Information and Communications Technology and Consumer Electronics Industry sectors. DIGITALEUROPE membership is composed of 61 major multinational companies and 41 national associations from 29 European countries. In all, DIGITALEUROPE represents more than 10,000 companies all over Europe with more than 2 million employees and over EUR 1 trillion in revenues.

ETNO

ETNO's 50 members and observers from Europe and beyond represent the leading e-communications network operators and ICT equipment manufacturers, accounting for a significant part of total ICT activity in Europe. They account for an aggregate annual turnover of more than €600 billion and employ over 1.6 million people. ETNO companies are the main drivers of broadband and are committed to its continual growth in Europe. www.etno.eu

GSMA

The GSMA represents the interests of mobile operators worldwide. Spanning more than 220 countries, the GSMA unites nearly 800 of the world's mobile operators, as well as more than 200 companies in the broader mobile ecosystem, including handset makers, software companies, equipment providers, Internet companies, and media and entertainment organisations. The GSMA also produces industry-leading events such as the [Mobile World Congress](#) and [Mobile Asia Congress](#). For more information, please visit Mobile World Live, the online portal for the mobile communications industry, at www.mobileworldlive.com or the GSMA corporate website at <http://www.gsmworld.com>.

¹ McKinsey

² Booz & Company