

# EU2020 Strategy – Nokia Response to Commission Consultation

## **1. Introduction**

Nokia is pleased to put forward its ideas on the building of a smarter, greener economy in response to the European Commission's consultation on the EU2020 strategy. These ideas address the Commission's stated intention to implement a bold policy response to the environmental, economic and demographic challenges the European Union faces.

Nokia agrees that future prosperity, and the maintenance of Europe's social market economy, will come from innovation and has proposals as to how to encourage new sources of growth. In particular, Nokia believes the Single Market will continue to be a critical ingredient in European success and that the next phase of this project must be the building of a genuine **Digital Single Market**.

## **2. Productivity, Jobs and Sustainable Growth**

The European Union has an opportunity to emerge from the current recession more productive, competitive and knowledge driven than before and to adapt to the changing nature of the global economy. To do this European Union policymakers and other stakeholders must embrace a culture of innovation **within the context of the European single market and global free trade**. Such a path will permit the European Union to maintain a successful social market economy in a fiercely competitive world, to better deal with the demographic challenge of ageing and to transition to a lower carbon economy.

The digital economy has a major role to play in this transition by:

- Enabling greater productivity and enhancing the competitiveness of European companies;
- improving the delivery of public services;
- the deployment of high-tech solutions to reduce carbon emissions in diverse sectors of the economy;
- enabling increased participation in democratic and social dialogue;
- providing an outlet for all cultural forms of expression and so preserving Europe's rich cultural heritage.

## **3. A Digital Single Market**

From the Nokia perspective the most important element of the transformation to a high-value, high-skill knowledge economy is the construction of a **Digital Single Market**. A Digital Single Market would bring a number of important advantages for Europe's citizens, consumers, businesses and governments including:

- **For citizens**, complementing the freedom of movement they enjoy within the European Union as services, content and culture would become accessible throughout the Union
- **For consumers**, access to a larger and more competitive market
- **For businesses**, access to a larger market for goods and services delivered online at a lower cost and a platform for European entrepreneurs to create global success stories
- **For governments**, easier and more efficient delivery of public services will enable governments to fulfill obligations at reasonable cost.

As more and more economic, cultural and political activity moves online we are confronted with the **irony that while the internet is borderless, much online activity stops at national borders**. This is due to regulatory fragmentation and excessive red tape making it difficult for consumers and businesses to transact across national borders whether using e-commerce platforms for tangible products, or for online services such as music.

To complete the Digital Single Market the European Union must address barriers such as: national management of copyright licencing; inconsistent, opaque and subjective private copy levy systems unfit for the digital age; diverging data privacy rules; different consumer protection regimes; differing interpretations of intermediary liability; radio spectrum usage harmonization; payment systems that facilitate cross-border transactions; and VAT reporting.

The benefits of building a Digital Single Market include: ensuring that Europe's economy moves up the value chain and remains **competitive** vis-à-vis its trading partners hence creating new jobs; **empowering consumers and entrepreneurs** who lack the resources for any kind of due diligence on the rules of cross border commerce; stimulating **cultural diversity and** facilitating Europe's transition to a **high-value, low-carbon economy**. We also believe the ICT can have a significant role in helping to meet the climate targets and there must not be any unnecessary barriers for developing wider cross-sectoral cooperation or more traditional ICT solutions such as e-commerce.

Nokia believes it is no coincidence that European companies have been globally successful in the mobile technology industry: the GSM Directive, the Single Market and telecoms liberalization allowed European companies in network infrastructure, mobile handsets and mobile network operation to grow to scale in the 'home' market before going global. In the internet, where much of the innovation and margin has moved, almost all the industrial success stories are from the US. We believe this is, in part, because of the scale that the large domestic US market has afforded these players. Internet entrepreneurs in the EU face tremendous hurdles in crossing borders and in getting to scale. By remaining sub-scale they cannot compete with larger players and rarely grow beyond their domestic markets.

#### **4. ICT for Energy Efficiency**

Nokia applauds the Commission for recognizing the need and the possibility to build a strategy that aims at creating a smarter, greener economy with lower and more efficient consumption of non-renewable energy and resources. The possibilities offered by mobility and ICT solutions in helping to reach these targets also need to be encouraged by appropriate policy measures and a holistic, better coordinated approach across different industry sectors.

Suitable policies include not only energy efficiency measures for products, but also and more importantly for systems and processes such as for logistics and for buildings. It has been estimated for example in a study by The Climate Group and GeSI (<http://www.smart2020.org/>) that more intelligent use of ICT could enable cutting CO2 emissions by 15% in these sectors and it is vital that there are policy measures that encourage this development, not hinder it. The Commission recommendation of 9.10.2009 on mobilizing Information and Communication Technologies to facilitate the transition to an energy-efficient, low-carbon economy ([http://ec.europa.eu/information\\_society/activities/sustainable\\_growth/energy\\_efficiency/index\\_en.htm](http://ec.europa.eu/information_society/activities/sustainable_growth/energy_efficiency/index_en.htm)) is a good step in this direction and the ICT industry is currently putting together a road map to show how the recommendations could be taken into practice.

The ICT industry together with the European Commission is taking action to help achieve these targets by setting up a forum called ICT for Energy Efficiency Forum. The Forum aims at developing a better link between digital technology and EU climate and energy policy and economic development:

- To demonstrate the commitment and leadership of the ICT sector to manage the energy consumption of its own processes and to deliver energy efficient and low carbon solutions to other sectors.
- To ensure better coordination across the ICT industry and other sectors as well as with the European Commission, European Parliament and Member States on the ICT4EE agenda.

There need to be incentives for better use of existing technology also for new, innovative purposes. For example intelligent power grids and smart meters require expertise and technology that is already applied by telecoms operators. This knowledge needs to be transferred to the energy sector in order to be able to make full use of renewable energy sources, to increase transparency in billing and to allow consumers greater control of usage.

Suitable policies would:

- remove regulatory barriers;
- correct market failures where they hinder the development and use of integrated ICT solutions;
- emphasize investment in public ICT infrastructure and basic research as required.

- provide incentives to innovation as well as international and cross-sectoral cooperation

## **5. Education Policy**

Equal rights for all to access high quality education should be a basic right. Efforts to include less motivated groups in the national education system should be developed and also informal learning should be recognized as not all people can adapt in the contemporary traditional educational system. New technologies and teaching methods should actively be taken into use to better integrate all groups. Never the less we should also give the more talented pupils a better opportunity to develop their already good skills to become excellent!

MST (Maths, Science Technology) subjects are of vital importance for the future of European growth. European productivity and innovations are based on a judicious mix of MST subjects and creative subjects at school. Combining the "hard" skills with the more "soft" ones we have a great opportunity to discover new and fabulous creative ideas that eventually can lead to new European success.

### **Digital Skills**

Much remains to be done to improve, widen and update digital skills. There is a rapid change in society and the labour market and the need of new digital skills is more important than ever. Special attention need to be put on the learning of digital skills at schools in all levels and especially on teacher training and learning methods. Also the need of digital skills in the everyday life is growing and there should be different forms of skills updating on a very cheap or free-of-charge basis. E.g. in Finland public libraries are organising courses for different groups at risk of exclusion (elderly, disabled etc) in everyday usage of digital tools.

### **Education and Industry**

A closer collaboration with industry is needed to understand the skills and competencies that are needed in the market and that are relevant to fill in current and future jobs. It must though be kept in mind that big companies do not necessarily have the best knowledge of the future trends. SME's should better be integrated in the general discussion about education policy and the new skills required in Europe.

### **Impact of ICT on teaching and learning**

The impact of ICT on teaching and learning processes has not yet been as great as had been expected. Embedding ICT in education and training systems requires further pedagogical, technological and organisational innovations in classrooms, workplaces and informal learning settings. In other words, we are still some distance away from an "ICT culture", where the use of ICT is mainstream in all learning and teaching.

### **EU and universities**

The EU should put in a lot of effort to raise the quality and status of European Universities. We have a lot of good universities, but not many of world class ones. The universities should have three strong feet to stand on to become successful, i.e. Education, Research and the relationships with society outside the universities. Hence, the European research area should be made stronger but the needed amount of paper work and bureaucracy must be reduced for it to be successful in comparison with other top research areas.

### **6. EU Priorities in the area of Intellectual Property Rights (IPR)**

Nokia agrees that it is key priority to have a well functioning IPR system, so that creative and innovative entities in Europe can remain competitive on the world stage. However, when considering both protection and enforcement it vital always to balance the interests of all stakeholders in order to promote a pro-competitive environment conducive to innovation.

#### **Patents**

The patent system in Europe is largely working well, and is not fundamentally broken. Enhancement of the patent system in Europe is desirable, but not essential. Creation of an EU Patent and unified patent litigation system (UPLS) must not be an end in itself. It is imperative that an EU Patent and UPLS bring real benefits for users over the systems in place today, and are not merely politically expedient solutions. Both systems must be cost-effective, accessible, and legally reliable and avoid sudden changes to the risk landscape for innovative business in Europe.

The EU Patent system must exist alongside existing national and European patent systems, as an alternative route for obtaining patents. The proposed European and EU Patent Court should not have exclusive jurisdiction, but sit alongside current national court systems, until it has established a proven track record.

#### **Standards & Patents (FRAND)**

FRAND policies in standardisation are not delivering optimum results, at least in the field of telecoms, because they are open to bad practice. Recently, policy has tended to focus on “ex-ante” disclosure of individual license terms as a potential “one-size-fits-all” solution. But this is not a one-size fits all solution. In fact ‘ex-ante’ is unhelpful in complex technology areas like telecoms. Policy needs to reflect a more nuanced approach recognising that the cost of obtaining all necessary licences, i.e. the cumulative royalty cost, will impact the commercial viability of a given standard.

## Copyright

Nokia's key proposition is that access to legal digital content must be made easier and more attractive across a European Digital Single Market, bringing significant opportunities and benefits for creators and rightholders in all Member States, and helping the European Union meet its ambitions in the knowledge economy.

To this end, the highest priority of digital copyright policy should be to (a) foster a climate conducive to the development of a vibrant and thriving market for the distribution of legitimate digital content through attractive and innovative services for the benefit of consumers, where (b) rights owners are fairly compensated; and which (c) is supportive of Europe's unique cultural wealth and diversity, but (d) is intolerant of unauthorised copying. All other policy considerations should be consistent with this overarching goal.

Specifically, the diverse systems of private copy levies that exist across Europe are inconsistent with the internal market and need urgent and radical review at European level. **Private copy levies must remain firmly on the agenda as a priority in the wider copyright debate in the European digital single market.**

### ***7. Europe in a Global Context***

Nokia believes that the EU's prosperity and growth are greatly enhanced by an open global trading system. In the context of the global slowdown the EU should engage proactively with trading partners to ensure barriers are further removed and that protectionism does not take root.

### ***8. Delivery of Policy Objectives***

The building of a Digital Single Market must be a central element of the revised Lisbon strategy, EU2020. It must also be understood as integral to discussions of the European Union's competitiveness and form part of the mission of the Competitiveness Council.

The 'Barroso II' Commission should place the building of a Digital Single Market at the heart of its work programme and its attempts to revitalize the single market. This will require a willingness to work in a 'horizontal' fashion across different Directorates General as none have sole responsibility for the issues requiring resolution. Nokia believes that the establishment of a 'Commissioner's Group' to coordinate such a project across the Commission would facilitate this work.

It will also be necessary for the Commission to champion the cause of a Digital Single Market to the Union's Member State governments. Member States will be integral to the building of a Digital Single Market and their constructive engagement will be vital in

finding common 'European' frameworks that benefit their citizens and businesses, even while impacting their bureaucracies.

Citizen/Consumers are at the heart of many of the changes to European society. Nokia believes that the European Union should adopt a citizen-centric approach to policy formation, responding to the demands of the Union's citizens and their changing modes of consumption and lifestyles.

The above is a brief introduction to Nokia's positions on various subjects. Nokia would be happy to explain any of the above to the Commission in greater detail.

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