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# Panel 6 Electronic Commerce in Europe: Research Issues, Current Initiatives and Technology Assessment Studies

Stefan Klein

*University of Koblenz, Germany*

Juliet Webster

*University of East London, United Kingdom*

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## PANEL 6

# ELECTRONIC COMMERCE IN EUROPE: RESEARCH ISSUES, CURRENT INITIATIVES AND TECHNOLOGY ASSESSMENT STUDIES

Panel Chair: **Stefan Klein**, University of Koblenz, Germany

Panelists: **Juliet Webster**, Advisor of the European Union's High Level Expert Group on the Social and Societal Aspects of the Information Society, Brussels, Belgium, and University of East London, United Kingdom

Electronic commerce (EC) globally has become a popular topic in academic and business circles. The purpose of this panel is to deliberate whether there is a specific European perspective on EC as the title of this panel suggests. The introduction will summarize current research issues, the second part will elaborate on EC initiatives of the European Commission, and the third will address social and economic impacts of EC.

### 1. RESEARCH ISSUES

#### 1.1 Regional Focus

It has been argued that EC will enforce global competition and will become crucial for the competitiveness of nations. While the European Union (EU) emerges as a supra-national political and economic structure, new emphasis has been put on the development of (cross-border) regions in the EU. A number of current EC projects in Europe, therefore, have a dedicated regional focus: EC is seen as an instrument to improve the economic development of regions by enhancing intra- as well as inter-regional trade. Its deployment is embedded in industrial and regional structures. Web-based infrastructures such as regional shopping malls are used to facilitate the cooperation within regions (Klein et al. 1996).

#### 1.2 International Trade

Despite the blurring of borders within the EU, cross-border trade is essential for most European countries. EC is thus seen as an opportunity to simplify and facilitate international trade procedures. New technologies such as the Web or Java can be instrumental to leverage the knowledge that has been built around EDI but that never achieved sufficient diffusion. In addition, the harmonization of institutional and regulatory measures is required before trust-worthy and legally binding electronic transactions become prevalent.

#### 1.3 Deregulation of the Telecommunication Sector

Most European countries aim at deregulating core industries, in particular their telecommunication industry, before the end of this century. The diffusion of EC and the subsequent increasing national and international competition is accelerating and exacerbating this process at the same time as the economic stakes are rising. Moreover, there is an ongoing discussion whether and at what cost Internet access has to be provided for every citizen as part of the public infrastructure.

#### **1.4 Proliferation of Teleretailing**

Although the quality and penetration of information and telecommunication infrastructures varies considerably throughout Europe, some countries have achieved a penetration level of cable TVs, PCs and online services that can match the US level. However, the general perception is that the proliferation speed of teleretailing lags behind the US. Among the reasons given are differences in attitude, culture, life style and buying patterns. Moreover, the penetration of the traditional retailing infrastructure is so dense and telecommunication costs are relatively high so that the comparative advantages and cost benefits are still too small to convince droves of customers to shop electronically. As the cost pressure on the traditional infrastructure increases and the costs for teleretailing shrink, this rationale is likely to change.

### **2. ELECTRONIC COMMERCE INITIATIVES**

Given the salience of EC, the EU has decided to initiate programs for the facilitation and diffusion of EC within its framework of industrial policy. Particular emphasis is therefore put on the development of EC for SMEs and for regional development.

### **3. SOCIAL AND ECONOMIC IMPACT OF EC**

Electronic commerce is regarded as a major aspect of the emerging information society with an immediate impact on economic development, employment, and industrial relations. Moreover, external effects of the diffusion of EC are expected on the social system, education and cultural development as well as on the political system. The EU has therefore established a High Level Expert Group with the task to assess the ability of the Information Society, and specifically of technologies like EC, to promote economic growth, employment, and social and economic cohesion in Europe. Juliet Webster is adviser of this Expert Group and will report on some preliminary findings (European Commission 1996).

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