



EUROPEAN COMMISSION

MEMO

Brussels, 4 July 2013

Statement by Vice President Neelie Kroes "on the consequences of living in an age of total information"

Made after the meeting of European Cloud Partnership Board, Tallin, Estonia.

We live in an age of total information. It is a data revolution.

Whatever you call it, it has many consequences. And it encompasses an enormous range of policy issues, inside the Digital Agenda portfolio, and outside it. Policies from open data to data protection; from cybersecurity to spying.

This revolution goes to the heart of the work of the European Cloud Partnership.

Cloud computing helps us benefit from the data revolution and is a gift to our economy. But it depends on two things, more than anything else:

1. Efficiency through scale. and
2. Trust that the data is stored securely.

First, if cloud services are denied scale, they become more expensive.

For example, if individual countries work disjointedly on separate national clouds, then the potential is lost. In this game, ambition can't stop at borders. And this means the European Union has a critical role to play: creating scale, and forging co-operative links. This is about giving customers more reasons to use cloud services and helping cloud services reach maximum scale. This is why we were agreeing on EU-wide specifications today for cloud procurement.

Second, we need trust. In some cases, of course, it may be legitimate for authorities to access, to some degree, information held online; child protection and terrorism are good examples. Such access must be based on transparent rule of law, and is the exception to the rule.

I want to talk about normal day-to-day business.

If businesses or governments think they might be spied on, they will have less reason to trust the cloud, and it will be cloud providers who ultimately miss out.

Why would you pay someone else to hold your commercial or other secrets, if you suspect or know they are being shared against your wishes? Front or back door – it doesn't matter – any smart person doesn't want the information shared at all. Customers will act rationally, and providers will miss out on a great opportunity.

In this case it is often American providers that will miss out, because they are often the leaders in cloud services. Which brings me to another interesting consequence of recent allegations. Particularly allegations about US government surveillance concerning European partners and allies.

If European cloud customers cannot trust the United States government or their assurances, then maybe they won't trust US cloud providers either. That is my guess. And if I am right then there are multi-billion euro consequences for American companies.

If I were an American cloud provider, I would be quite frustrated with my government right now. I do not have an agenda here: I am committed to open markets, to liberal values, and the opportunities of new digital innovations. Yet even I am thinking twice about whether there is such a thing as a level playing field when it comes to the cloud.

So I am saying two things:

1. Concerns about cloud security can easily push European policy makers into putting security guarantees ahead of open markets; with consequences for American companies.
2. Privacy is not only a fundamental right, it can also be a competitive advantage. Companies focused on privacy need to start coming forward into the light and help them do that. That would be a smart company indeed. And 2013 is the year. That includes European companies who should take advantage of interest to provide services with better privacy protection.

The cloud has a lot of potential. But potential doesn't count for much in an atmosphere of distrust. European cloud users and, American cloud providers and policy makers need to think carefully about that.