

Abstract

In this Discussion Paper we analyse how Europe's ICT ambition can be translated into a policy agenda. To achieve this, we provide a quantitative overview of the importance of ICT and the relative position of Europe versus the US. Next we provide a discussion of potential explanations for the differences in ICT use and production. We find that Europe's position with respect to ICT use and production is not only worse compared to that of the US. In some areas Europe is ahead of the US, whereas in others Europe lags on an aggregate level. Our main conclusion is that Europe should not aim at creating an ICT-production cluster but it should aim at removing barriers to ICT use. The reasons are as follows. It is not a sensible strategy to specialise in industries where one has a comparative disadvantage. Moreover, the largest benefit from ICT is in its use not in its production.