

## Who's afraid of RFID?

*By Charlotte Cederschiöld, Waldemar Ingdahl and Björn Söderberg*

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Radio frequency identification is one of the most hotly debated emerging technologies in Europe. More commonly known as RFID, it promises not only to revolutionize logistics, the retail industry and health care, but will affect much of our everyday lives. When prices fall for the technology involved, RFID could be used to identify just about anything and make it “aware” of its identity—transmitting and receiving silent signals from other objects nearby. Consumers could benefit in a variety of ways, from faster, easier recalls of faulty products to better monitoring of their health status by doctors.

Critics counter by asking: What will happen to privacy in a world where your shirt can communicate with a clothes rack in a department store—which then notifies the store’s marketing department of your fashion tastes? In some cases this, too, could benefit consumers, by giving them more efficient access to information about products they might want. But will industry or government know more about us than we want them to know?

It’s not surprising, then, that the European Commission’s attempt to set an RFID policy for the Continent is drawing quite a bit of interest. In an online consultation, and then at a conference in Brussels last week, it became clear that many people want to have a say in the shaping of an RFID policy. Part of this interest comes from a natural skepticism toward new technology that claims to solve all sorts of problems. But the flames of debate are also being fanned by the “angst industry”—certain NGOs, politicians, consumer groups and media that thrive on exaggerated concerns.

The right of individuals to decide what information they share about themselves, and under what circumstances, has often been stated in EU reports and in the Commission’s consultation. But to make RFID truly acceptable to the public, this right must be given real priority and not just remain a buzzword. We need transparency in the ways RFID is used, and policy should focus on giving both industry and consumers tangible benefits.

RFID could be a huge boost for Europe’s small and medium-size businesses, as it can greatly help them with data processing and other tasks that are easier for large firms today. Small companies are often the ones coming up with radical new applications of emerging technologies like RFID, and therefore finding new business opportunities. But small businesses, like everyone else, will need good international technological standards in order to get the most out of this technology. Having separate standards for Europe, America, Japan and elsewhere, as we do today, will detract from the transportation and logistics efficiencies that RFID offers.

Yet setting premature and cumbersome regulations risks both excluding small firms from the decision-making process—which is being done from the top-down at present, by EU institutions and large players—and limiting their ability to innovate. Regulating a still-emerging technology could cement existing notions of what it does do, rather than offering freedom to explore what it might do one day. If uses for RFID become circumscribed by excessive regulation, experimentation and innovation will not occur and Europe will fall behind internationally.

It doesn’t have to be that way. The Spanish company Négone, for example, has created a role-playing game called “La Fuga,” in which players solve missions in Madrid just like in a computer game. Besides real-world entertainment, there’s also the possibility that consumers will buy strips of RFID tags for home functions that are developed in the future. But neither of these usages would fit with regulations that foresee RFID tags as glorified bar codes intended solely for the supply chain.

A problem for the European industry might be that it is too sensible, too practical. Though Europeans presented a number of eminently useful applications for RFID at last week’s meeting, all of them were incremental improvements. It is telling that the two truly visionary talks were given by representatives from the U.S. and Japan. Unlike Europe, those countries have entrepreneurial economies that reward both risk-taking and vision. At present their companies, not ours, will be able to develop the truly new applications—and reap the profits from them.

Dialogue is well and fine, but the best way to gain acceptance for technology is to let people try it out. That is how information technology quickly gained acceptance in society.

As the Commission is so apt to point out, small businesses hold much of Europe's growth potential. It is in their innovative uses of technology like RFID that this potential can be realized.

Ms. Cederschiöld is a member of the European Parliament from Sweden. Mr. Ingdahl is director of Eudoxa, a Stockholm think tank. Mr. Söderberg is CEO of Kiwok Corp.