



## ETNO's feedback on the EC Decision establishing the 2030 Policy Programme 'Path to the Digital Decade'

December 2021

ETNO welcomes the opportunity to provide its comments on the European Commission's (EC) Decision establishing the 2030 Policy Programme "Path to the Digital Decade". The telecom industry is engaged to fulfil the 2025 Gigabit and 2030 Digital Compass objectives<sup>1</sup>. The European Union's digital targets are key to achieve a successful digital transformation. Thus, the governance system of the EC establishing the 'Path to the Digital Decade' and its enhanced monitoring system will be of major importance for achieving these targets. Please find below some considerations from ETNO.

### Path to Digital Decade: Connectivity & Governance

To succeed on the path to the Digital Decade, the EU-wide digital targets need to be first reflected in the well-designed implementation of the existing regulatory and policy framework. Otherwise, we risk staying far behind the set 2030 objectives.

This is critical, as European mobile and fixed telecoms service revenue decreased by 18% over the decade between 2009 and 2019 while the level of investment sustained by telecom operators has remained stable. Communication services in the EU have suffered earlier and deeper price erosion than other global leaders such as the US, South Korea or Japan. Additionally, prices and customer spending on digital communications services in Europe remain low (reflected by low ARPU) in comparison to these other regions<sup>2</sup>. A recent report has estimated that an additional €150bn of investment is needed for full 5G roll-out in the EU. This relates to costs of upgrading existing coverage networks to 5G, increasing densification of networks to offer higher capacity services, and providing enhanced capability services. In addition, a further €150bn is required to upgrade existing fixed infrastructure and roll out FTTH to provide gigabit speeds in Europe<sup>3</sup>.

Therefore, stimulation of private investment in VHCN infrastructure, long duration for spectrum licences associated with reasonable prices and avoiding fragmented uses, application of the pro-investment EECC measures, facilitating RAN sharing by enhancing legal certainty through the review of the Horizontal guidelines, promoting innovation and a market driven technological network evolution as well as fostering intersectoral collaboration for the adoption of 5G solutions to the benefit of a robust digital ecosystem are some example of what should be done.

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<sup>1</sup> See Commission SWD Identifying Europe's recovery needs accompanying the EC Communication on Europe's moment: Repair and Prepare for the Next Generation, footnote 15: "According to a recent study commissioned by the EIB (forthcoming), the estimated investment needs to meet such targets as from 2018 amount to €345-360bn for the EU27 (€380-395bn for the EU28). Expected private funding will cover about one third of this amount, leaving an estimated investment gap on an annual basis of around 42bn€ until 2025. As the private funding baseline was projected before the COVID crisis, the gap may have increased due to investment cut backs in the private sector ...".

<sup>2</sup> <https://etno.eu/component/attachments/attachments.html?task=download&id=7973>

<sup>3</sup> <https://www.etno.eu/component/attachments/attachments.html?task=download&id=8050>



In addition, a renewed effort must be initiated to rebalance the relationship between global technology giants and the European digital ecosystem. Horizontal measures such as the Digital Markets Act play a crucial role and, for this reason, we firmly support them. In addition, we must also consider important sector-specific issues. Large and increasing part of network traffic is generated and monetized by big tech platforms, but it requires continuous, intensive network investment and planning by the telecommunications sector. This model – which enables EU citizens to enjoy the fruits of the digital transformation – can only be sustainable if such big tech platforms also contribute fairly to network costs. Furthermore, we must ensure that new industrial strategies allow European players – including telcos – to compete successfully in global data spaces, so we can develop a European data economy that is built on true European values.

Concerning the future definition of policy targets, we would advise future reviews to be conducted on a regular basis and well before 2026. The fast-paced nature of technology developments and the need to position Europe as a frontrunner require a much faster revision cycle than currently foreseen.

We believe there is potential for the European Commission to play a key role as a convenor and facilitator bringing together relevant authorities from the Member States including national regulatory authorities to discuss different policy aspects, and thus have a positive impact on progress towards the digital infrastructure targets. Close cooperation between the European Commission and the Member States with guidance and recommendations can fuel the national Digital Decade strategic roadmaps and facilitate implementation of those policy initiatives. It is important that all stakeholders can participate in the definition of the national digital strategies and that intersectoral dialogue is promoted so that the path towards digitalization exploits synergies and is shared. ETNO therefore welcomes the mandate to be consulted both by the European Commission in policy development and by Member States when drafting their national roadmaps.

It should also be acknowledged that telco markets are already part of a wider digital ecosystem whose competitive landscape is changing drastically both in terms of scope and geographical scale. Member States should ensure involvement of national regulatory authorities when projecting appropriate monitoring capabilities for this wider ecosystem.

## Digital skills

In today's world, Europe needs to upskill and reskill the population and workforce of tomorrow by picking up the pace on digital literacy. Today, over 42% Europeans do not have basic digital skills, while over 57% of companies are facing difficulties in finding ICT personnel<sup>4</sup>. Telecom operators are carrying out various initiatives at national and EU level to contribute towards closing the digital skills gap. ETNO, for example, is conducting a project called 'Digital Upskilling for All!', which funded by the European Commission develops best practices related to digital upskilling, inclusion and diversity of the workforce of the European telecommunications sector, with focus on women and the over 50. Operators are also contributing to further upskilling and reskilling of Europe by creating awareness, developing certification standards and training platforms. ETNO welcomes the European Commission proposal to aim at having minimum 80% of the population with basic digital skills in Europe and monitor the situation and progress. On top of that, the facilitation to exchange best practices between Member States would bring an added value to the acceleration of this goal. Finally, ETNO deems important the adoption of a synergic strategy between public and private stakeholders and initiatives, such as vouchers for education and training, support for ICT universities fees, fiscal incentives for companies using advanced ICT systems and training workers, funding training programs for hard tech skills (ICT, data analytics, Cloud, IoT, AI, 5G) aiming to the digital transformation of companies.

## Spectrum

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<sup>4</sup> "Connectivity and Beyond: How Telcos Can Accelerate a Digital Future For All", 25 March 2021, <https://etno.eu/library/reports/96-connectivity-and-beyond.html>



As acknowledged by the European Commission, spectrum is critical to achieve the digital targets 2030. ETNO supports the EC proposal to monitor the progress of Member States regarding the availability and accessibility of spectrum. Member States should share generic plans for spectrum availability and upcoming awards for years ahead, but Member States should be allowed to keep some flexibility to adjust the timing of spectrum awards to their national market conditions. This will increase predictability for investments as it would enable MNOs to take these plans into account in their planning for spectrum acquisitions and deployment and is also key for an ecosystem of end user and network equipment to develop. To further improve the predictability, ETNO requests European Commission to consider more formal framework for regulatory principles and strategic orientations on spectrum management and actions, e.g. in form of updated Radio Spectrum Policy Programme (RSPP). In addition, as a part of the roadmap, ETNO encourages to carefully consider award-design, as badly designed awards and poorly justified decisions on award conditions and obligations distort the market for a long time.

**Moreover, ETNO welcomes the possibility for the EC to provide guidance on spectrum related policies and measures to meet the general objectives and Digital Decade targets on:**

- practical spectrum roadmap elements for priority actions in relation to initiatives on enhanced radio spectrum coordination; and/or
- mechanisms (such as setting up a database) with an aim to assist the cooperation between national authorities, inform spectrum users, and monitor the availability and accessibility of spectrum

Indeed, building on the 5G connectivity toolbox and the “peer review” experience, we agree that a mechanism for gathering and disseminating information and best practices on spectrum authorisation processes, both from the Member States’ authorities and MNOs, would foster consistency in spectrum management across the EU. Also, a stronger monitoring in terms of existing rules enforcement should be put in place to ensure that national decisions are fully aligned with the new provisions of the EECC.

ETNO has already called for the possibility for MNOs to attend and contribute to the peer review process or to a newly set parallel process to provide valuable inputs. This is already happening in some Member States to some extent, but a harmonised effort at EU level would make the process more impactful and transparent. The EC should have a clearer role by facilitating the peer review process and MNOs should have real possibilities to address problems in the award design including license obligations already before the awards to guarantee legal certainty.

Even if best practices or recommendations identified are not binding, a process for the European Commission to provide input into national awards should ideally be formalised in a legal text and followed in all relevant award processes. To assist NRAs could be helpful but a checking mechanism in respect to the EECC provisions proper implementation could be efficient. Inputs from the European Commission, peer Member States, as well as other stakeholders would be most effective early in the award planning phase, e.g. in parallel or even before the first national consultation on the award. NRA has better possibilities to take early inputs properly into account, without risking to delay the award, and without “quick fixes” that might cause unexpected consequences in the award implementation.

In some cases, political decisions trump the expertise of spectrum authorities, and changes in the political environment have largely impacted award processes and conditions and caused severe delays on making spectrum available. This creates an unpredictable environment for investment and should be avoided. Thus, more mandatory measures, e.g. requirements on providing analysis and justified reasoning for award decision should be set for Member States. This would help to prevent arbitrary decisions pending on current political environment.



## DESI

While ETNO members fully assume their critical role in reaching the common European digital goals, it is important to highlight that connectivity and associated services are part of an increasingly complex digital ecosystem governed by a mix of commercial and technical interdependencies as well as by sector-specific and horizontal policies. We would especially like to highlight that while high-speed fixed and mobile communications services are a prerequisite to reach Europe's wider digital goals, migration to ultrafast network and digital readiness of different user groups to consume these services is equally important to create economic and societal value through connectivity. Finally, in addition to correctly reflecting the market dynamics, it is important to evaluate to what extent the existing regulatory and policy framework supports the efforts to achieve the common targets and if any changes are needed.

Availability of high-speed connectivity in Europe has been improving over the years and will continue to improve, driven by market and policy incentives. Take-up and usage remain instead still very low. Indeed, according to the 2021 DESI report, in the EU only 34% of households have subscribed offers with at least 100 Mbps speed, far from the objectives of the 2010 Digital Agenda for Europe (50% take-up as of 2020) and only 1.3% subscribed offers > 1 Gbps. Consequently, we believe that the Europe's Digital Decade vision and the updated digital targets should be carefully designed to reflect the current realities, innovation and dynamics of the digital ecosystem.

In particular, ETNO believes that **there is the need to focus on improving the "demand-side" dimensions of DESI**, namely human capital, use of Internet services (by citizens), integration of digital technology (by enterprises) and digital public services. Promoting and making efforts in the improvement of the above dimensions will finally increase GDP and the overall welfare of citizens, also improving Europe leadership at global level. In this regard stimulating digitisation demand should be recognized as a target in the next Digital Decade. While Europe's leading industries have a high potential for 5G uptake, it is crucial that European SMEs and public administrations also have incentives to be included in the 5G ecosystem.

Regarding the reporting on the newly set 2030 targets for Gigabit and 5G connectivity, it is important that the DESI report has the utmost precision in reporting on the investments and activities of the telecom operators (and other actors in other sectors) across the EU to reach these targets.

In the past, ETNO has made remarks on various inconsistencies with the metrics used for the DESI report and we would urge the EC to ensure that e.g. the technical definitions to measure VHCN are consistent with other policy frameworks and well understood at the Member State level. In addition, a greater transparency in the calculation and in the comparison of data between different releases of the DESI is highly needed. We observe that in the recent update of the DESI report, values for the previous year were recalculated (for the sake of comparison), entailing a different ranking for the year 2020 without a clear explanation. The new targets present an opportunity to review the DESI metrics to reflect the reality more precisely and we would be pleased to discuss our detailed concerns during the review process.

Finally, it is also worth noting that current DESI index only provides a static and absolute photography and consequent ranking of the level of digitalisation reached in each Member States. Given that the digital path also provides for the definition of trajectories for each Member States, DESI will also have to quantitatively calculate the measure in which each Member State meets the expected annual trajectory, to feed the Commission's annual report on the "State of the Digital Decade".



## Multi-country projects

ETNO welcomes the framework for Multi-Country Projects (MCPs). There is a need to develop MCPs in support of network virtualisation, 5G, Open RAN - and for Cloud, telco Cloud – to anticipate the transition to Cloud and Edge Computing in the EU while guaranteeing the sovereignty and security of our infrastructures and networks. On both cases, it is a matter of defining EU solutions, and/or to generate the development of an EU ecosystem that would ensure the EU does not depend 100% on solutions developed and implemented in other regions of the world and remains competitive, and autonomous, on some key aspects of its digitalisation. ETNO supports the update of the list of MCPs through the annual report on the “State of the Digital Decade”, to assess more frequently the gaps in Europe’s digital transformation. This update, to be fully in line with digital developments must be performed in full cooperation with the private stakeholders that can contribute to the identification of areas for which we need to facilitate investment that will also support the achievement of the Digital Decade objectives. ETNO welcomes the introduction of the European Digital Infrastructure Consortium as a new important tool to trigger the implementation of multi country projects to develop modern communication technologies that will bridge the European digital transition. We recommend extending the current Digital Compass targets by including the development of Open RAN as a strategic priority for the EU’s Digital Decade and make a specific reference to it, e.g. by integrating “Open RAN” under the candidate MCP on “Pan-European deployment of 5G corridors”. The goal should be to create a strategic roadmap and action plan to embrace Open RAN and support the development of a strong European ecosystem.