CEO statement on the role of connectivity in addressing current EU challenges

26 September 2022 – We live in unprecedented times. As outlined by President von der Leyen in her recent State of the Union speech, the EU is called to respond to historic challenges, including the tragic war in Ukraine, the energy crisis and climate change. As CEOs of Europe’s telecom companies, our purpose is to empower communities through access to inclusive digital infrastructure and services, while enabling a dramatic reduction of carbon emissions.

We write today with a sense of urgency, as the European Commission looks at the priorities for the last, and important, part of its 5-year mandate. In an age of socio-economic and geopolitical challenges, convergent and timely collaboration between public and private actors is essential, especially on crucial digital matters: alone, no company, NGO or institution can offer effective solutions to today’s complex problems.

**Sustainability as the guiding light and our role on energy**

In such turbulent and uncertain times, sustainability offers a frame of reference for our business decisions. Our companies are working to dramatically reduce their own emissions, and most of the sector has already committed to achieving the EU goals ahead of time. As Europe works to tackle extraordinary issues, we believe that digital networks and services also offer concrete solutions for the rest of our societies and economies. Digital is a key enabler for getting the most from the scarce resources on which we depend.

Energy is a case in point: in the coming decade, digitalization can help bridge the short-term need of achieving energy independence with the longer-term achievement of a just green transition. A full adoption of digital solutions will make power usage smarter and help accelerate electrification. Reports have shown that digitalization can cut CO2 emissions by up to 20%. In this context, the EU should step up its efforts to make Europe’s energy grid smarter and to accelerate digital adoption across industrial sectors. We are ready to ramp up deploying connectivity-based solutions for the environment, building on EU initiatives such as the Green Digital Coalition.

**EU connectivity goals, energy crisis and inflation**

Our companies have shown, and will continue to show, determination in advancing Europe’s new connectivity goals (i.e., full coverage of Very High Capacity Networks such as fibre and 5G, by 2030). Achieving these goals requires growing efforts from our sector, which currently invests around €50bn/year in Europe, but must be enabled to do more and faster, if it is to achieve the goals in a timely fashion. This is even more relevant as, in challenging times, digital tools become a lifeline to create socio-economic opportunity.

Today’s energy crisis – along with post-Pandemic shocks to markets and supply chains – is having profound negative impacts on our customers. In addition, we expect it to generate significant frictions on our path to achieve Europe’s connectivity goals. Costs of planning and construction works are increasing. Prices for fibre optic cables, for example, have almost doubled in the first semester 2022. Similarly, the hikes in energy prices and in the prices of other inputs are also hitting the connectivity sector.

In this context, the issue of ensuring a sustainable ecosystem for the internet and connectivity is more urgent than ever.

**Connectivity for a sustainable internet ecosystem**

A sustainable, thriving internet ecosystem is in the interest of all European citizens and it relies on the achievement of the EU goals. Timely action is a must: Europe missed out on many of the opportunities offered by the consumer internet. It must now swiftly build strength for the age of the metaverses.

For this to happen, and to be sustainable over time, we believe that the largest traffic generators should make a fair contribution to the sizeable costs they currently impose on European networks. We must ensure that Europe does not suffer from scarcity of digital infrastructure.

A fair contribution would benefit first and foremost consumers, as it would help enable faster and more inclusive roll-out, bringing more coverage, resilience and quality. It would also benefit SMEs, who recently voiced the need for tech companies to “adequately contribute” to roll-out: 5G and fibre are key to SMEs’ competitiveness. In addition, a fair contribution would send a clear financial signal for streamers in relation
to the data growth associated with their use of scarce network resources. This could generate significant energy savings and help achieve net zero, both of which are so important at this time. Finally, we expect it also to benefit tech companies, who rely the most on massive network upgrades, as we move to an age of open and connectivity-enabled metaverses.

This is why we strongly welcome the statements by EVP Vestager\textsuperscript{viii} and the consultation announced by Commissioner Thierry Breton\textsuperscript{ix}. It will lay the ground for a solid legislative initiative that effectively addresses the matter. We support a timely calendar that allows Europe to deliver by the end of the current Commission mandate. In addition, we are respectful and fully supportive of the need to uphold the EU Open Internet principles: consumers must continue to enjoy all lawful content and applications available on the internet.

Inclusive roll-out requires the full telecom sector to stay mobilised. For this reason, we believe that the fair contribution should be addressed to all telecom providers who are committed to achieving the EU digital goals – no matter whether they are small or big, traditional or alternative.

We stand ready to continue supporting EU institutions as they work to create the conditions for delivering a successful green and digital transition, enabled by timely policy action.

**Signatories**

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\textsuperscript{1} European Green Digital Coalition, 2022, \url{https://www.greendigitalcoalition.eu/}

\textsuperscript{2} World Economic Forum, 2022, Digital for Climate Scenarios

\textsuperscript{3} European Green Digital Coalition, 2022, \url{https://www.greendigitalcoalition.eu/}

\textsuperscript{4} Analysys Mason, 2022, State of Digital Communications

\textsuperscript{5} Financial Times, 25.7.2022, Global shortage of fibre optic cable threatens digital growth

\textsuperscript{6} The network costs generated by tech giants on EU telecom networks is estimated in a range of €15bn to €36bn/year. Source: Frontier Economics, 2022, Estimating OTT traffic-related costs on European telecom networks

\textsuperscript{7} Digital SME Alliance, 8.7.2022, Digital SMEs call for measures to make the EU internet ecosystem fairer and stronger

\textsuperscript{8} Statements of EVP Vestager, 2.5.2022, Reuters

\textsuperscript{9} Reuters, 9.9.2022, EU to consult on making Big Tech contribute to telco network costs