

June 15, 2017

## Joint position of the European Telecom Social Partners on the European Electronic Communications Code

### **Europe needs to stimulate job creation & economic growth with the new telecoms rules**

Europe badly needs EU digital and telecoms policies that are conducive to job creation and economic growth. Investment in high-capacity connectivity and digital services will help reignite sustainable growth in Europe, but we are concerned about a lack of ambition in the on-going legislative debate.

In light of this, the social partners in the telecom sector – UNI Europa ICTS and ETNO, would like to share important reflections on the draft European Electronic Communications Code (EECC) presented in September by the European Commission. The EECC is a key element in the EU Digital Single Market Strategy. It aims at stimulating investment and innovation in future-proof telecommunications networks and services.

In the context of the increasing role of digitization in society, we need to ensure that risks are minimized and that opportunities for European workers are maximized. From this viewpoint, we see a significant role for the EECC in stimulating higher levels of investment in the telecoms sector. Investment has the potential to underpin current jobs and strengthen the acquired labour rights, but also enable the creation of new and better quality jobs both directly and indirectly.

On the one hand, Europe could unlock a fresh rush of infrastructure deployment, with new broadband networks rolled-out across the Continent. On the other hand, accessibility to superfast broadband has the potential to empower small and big companies in expanding their businesses and generating new opportunities for employees and employers alike.

For this reason, we see the EECC as one of the much-needed tools to accelerate recovery from the European economic crisis and to bring back sustained employment growth.

The EECC is now being discussed and amended by the European Parliament and the Council of the EU. However, we are concerned that that the relationship between this legislation and the creation of more employment and growth is not currently at the heart of the discussions. In the current parliamentary debate, there is no relevant reference to the key objective of creating and defending European jobs in the telecoms sector and in the broader digital ecosystem.

We understand that a sound and growing EU telecommunications sector, which invests in the networks and services of the future, is vital to create employment opportunities in Europe. Therefore, the measures contained in the EECC should be geared to strongly incentivize investments and innovation.

In light of this, we would like to make the following remarks with regard to key aspects of the Code:

- 1) **Network regulation should have a focus on employment and growth:** Sustainable competition in telecom markets is key to drive growth and higher investment is needed to ensure acceptable levels of broadband deployment. Whenever there is no prospect of competition in retail telecoms

markets, this should be guaranteed by regulation. However, where markets are working well absent regulation, additional regulatory ex-ante obligations should be avoided, as they would create administrative burden and distort the market.

The Commission proposal focuses on the need to ensure competition at the retail level and incentivize infrastructure competition. Sustainable competition for all industry players should not be based solely on prices, as this could impact employment in the sector. A new approach for telecom regulation must combine incentives for innovation and the necessary labour market policies that ensure we maintain current jobs and create new ones, of a higher quality.

Especially whenever broadband investment levels are not satisfactory, we need to ensure that all players are incentivized and that increased broadband roll-out is achieved. Diverse investment models should be considered, including individual investment as well as models that promote cooperation such as co-investment. Including all European regions into the Gigabit Society remains a crucial objective, which requires the recognition of the investment risk and the acceleration of roll-out.

- 2) **Spectrum harmonization is crucial to Europe's infrastructure strategy:** the draft EECC proposes key measures to improve the harmonization of spectrum across Europe, and enhance investment certainty. We support these provisions, which could be further strengthened. More and more efficient spectrum assignment for mobile broadband will be a key driver of growth and an essential element to provide broadband everywhere and to everybody throughout Europe. We are concerned about the resistance of Member States to meaningful spectrum reform, and we call on them to maintain the initial ambition of the Code. Timely and consistent availability of spectrum for the mobile industry is key to success of 5G.
- 3) **Design of spectrum auctions:** in order to increase investment in the expansion of the infrastructure, spectrum auctions should not be used to maximize public budgets, but to increase the economic benefits of spectrum use. Therefore, infrastructure investment and employment should be in the focus of auction design. Longer license durations and incentives to invest are the best way for the telecom industry to increase infrastructure investment in Europe.
- 4) **Strong consumer protection can be ensured at the same time as European innovation:** We believe that Europe should reward and incentivize the innovation taking place on its territory, creating jobs and growth opportunities for European citizens. In this context, we believe that the EU telecom sector and non-EU players should be regulated in the same way, to ensure a level playing field and better competition. Innovation needs to keep pace with dynamic market trends. Burdensome sector-specific rules hinder innovation by telecom operators, who are in competition with internet players (OTTs). Consistent and appropriate rules for all are a pre-requisite for creating digital leaders in Europe.
- 5) **Bridging the second digital divide:** we need to ensure enough measures to close the digital divide from the demand side. It is not only necessary to bring broadband to all consumers, but it is also



necessary to empower citizens with the necessary digital skills so that they can make the most of the respective benefits. For this reason, it is essential that the EECC allows measures to bridge the second digital divide, in the short and long term.

- 6) **Fill the ICT skills gap:** innovation, economic growth and employment depend on our ability to link the new telecom rules with the necessary measures on skills and training. If we look at the ICT skills gap, all industry players should be able to invest in the future employability of the ICT workforce and to provide the appropriate re- or up-skilling measures for employees. This is necessary to ensure the sustainability of the European telecom sector, both as regards future innovation and employment creation.

We strongly call the co-legislators to ensure that stimulating growth and jobs is a key objective of the proposed Code, through more incentives to investment, innovation and employment creation. We remain at the disposal of the institutions to engage in a dialogue on how this key goal can be achieved.