

Note of Europe's leading CEOs on the Electronic Communications Code

The European Electronic Communications Code is no ordinary legislation. This is a once-in-a-decade opportunity to unlock investment in world-class infrastructure, which is the core of a successful society and economy. However, key parts of the debate so far risk leading to the opposite.

A detached legislative debate

While Heads of State rightly set digital as a top political priority, the current legislative debate does not reflect the vital role of infrastructures and is detached from consumer behaviours and market realities. We either get this Reform right today, or there will be no other chance for the coming 10 years. This matters both in terms of global competitiveness of all EU sectors as well as empowerment of citizens.

Investing for Europe

The telecom operators signing this document deploy €26.6bn/year of investment in Europe – being the large majority of the total telecom investment – and we are all strong believers in infrastructure competition. We share and embrace the Gigabit Society vision and we are the companies who are making it happen.

However, the telecom sector has been faced with a daily loss of value of €100m/day¹ for the past ten years. At the same time, the sector is expected to deploy over €500bn investment in 5G and fibre².

As an industry subject to economic regulation, investors judge telcos primarily on the regulatory outlook. High regulatory pressure and outdated rules have harmed the EU telecoms sector already in the past. What is more, the latest Parliament and Council proposals led investors to issue sharply negative notes³, with an expected deterioration of the investment climate. This is bad news for all those who understand the strategic necessity of building a European Gigabit Society.

Latest developments vs. Status quo

Regulatory certainty and consistency are both paramount to ensure the market confidence that is necessary to deliver new networks and services to European citizens.

The final result of the Electronic Communications Code negotiations should bring concrete and clear improvements to the current Telecoms Regulatory Framework.

In light of the current discussion on fixed investment incentives, oligopolies, spectrum license duration and retail price regulation, even the status quo with the existing EU Directives would deliver more predictability and certainty than the proposed new Code.

How to save this Reform

We share the view that Reform is necessary. Reforming means improving, and the latest developments seem to worsen the current situation instead.

However, a series of corrections can still save the original spirit of Europe's Gigabit Society plans, which built on incentivising an investment-based competition. We supported such spirit, but we believe it is now imperative to address 2 strategic aspects.

Firstly, strong investment incentives are needed across the Code, including predictable long-term spectrum licenses, reliable incentives for investment in very-high capacity fixed networks and a

¹ EBIT decline for EU28 telcos in the 2006-2016 period, *Accenture Strategy* analysis, Sept. 2017.

² European Commission estimates on the cost of building a Gigabit Society.

³ See *Barclays*, EU regulation watch, 3.1.2017 and *HSBC*, European Telecoms, EU regulation update, 4.10.2017



rejection of all proposed measures that would create uncertainty, add layers of regulation and complexity and depress investment.

Secondly, innovation and consumer choice should be prioritised, by empowering telcos to compete on the same terms as internet players and by ensuring that European consumers are still able to benefit from the most popular offers, including bundled services.

Signatories:

BT Group – Gavin Patterson, CEO
BH Telecom – Mirsad Zaimović, General Manager & CEO
Deutsche Telekom – Timotheus Höttges, CEO
Ericsson – Börje Ekholm, President and CEO
Go Malta – Attila Keszeg, CEO
Hrvatski Telekom – Davor Tomašković, CEO
Magyar Telekom – Christopher Mattheisen, CEO
Makedonski Telekom – Andreas Elsner, CEO
Nokia – Rajeev Suri, President and CEO
Orange Group – Stéphane Richard, Chairman and CEO
OTE – Michael Tsamaz, CEO
KPN – Eelco Blok, Chairman of the Board of Management and CEO
Proximus – Dominique Leroy, CEO
Post Luxembourg – Claude Strasser, CEO
PT Portugal – Claudia Goya, CEO
Slovak Telekom & T-Mobile Czech Republic – Milan Vašina, CEO
Slovenije Telekom – Rudolf Skobe, CEO
Swisscom – Urs Schaeppi, CEO
Telefonica – José María Álvarez-Pallete López, Chairman & CEO
Telia Company – Johan Dannelind, President and CEO
Telecom Italia – Arnaud de Puyfontaine, President
TDC Group – Pernille Erenbjerg, CEO
Telenor Group – Sigve Brekke, President and CEO
Telekom Albania – Dimitris Blatsios, CEO
Telekom Austria – Alejandro Plater, CEO
Telekom Romania – Miroslav Majoros, CEO
T-Mobile Austria – Andreas Bierwirth, CEO
T-Mobile Polska – Andreas Maierhofer, CEO
Vivacom – Atanas Dobrev, CEO
Crnogorski Telekom – Nikola Ljušev, CEO
Türk Telekom – Paul (Boulos H.B.) Doany, CEO