

Better Connectivity, Regulatory Modernization, Data Innovation

The Path Forward for a Fast-Changing Digital Sector

Washington D.C., Brussels, 1 February 2018 – ETNO and USTelecom are pleased that the European Union and the United States have reaffirmed their commitment to the EU-U.S. Information Society Dialogue (ISD), which will be held on 1st February in Brussels.

This high-level exchange led by the European Commission and the U.S. Department of State sends an important signal that policy and regulatory alignment between the two sides of the Atlantic is a key condition of a thriving digital economy. Transatlantic policy coherence is all the more relevant as the telecommunications industry is witnessing similar challenges, market trends and opportunities in Europe and in the U.S.

First, a continuing convergence of technologies and sectors – telecommunications, data and content – has been making way to integrated services that have changed traditional markets like telephony, messaging and broadcasting. In the future, most value creation will happen at the intersection of the industries we know today, both in business-to-consumer and in business-to-business. U.S. and EU authorities should promote competition and innovation across the whole digital value chain recognising new market realities. Given the fast pace of the sectors' transformation, all stakeholders require flexibility to be able to expand consumer choice and grow. With this in mind, we should shift away from sector specific regulation towards generic horizontal regulation when applicable, and only apply sector specific regulation where really necessary and equally to similar services.

Second, annual global internet traffic is expected to grow threefold in the period 2016-2021. This will be driven by data-hungry services like video on demand and by the dramatic explosion of connected devices: by 2020, over 20 billion devices will be connected to the internet and this number could surpass a trillion by 2025.

ETNO and USTelecom believe that decision-makers on both sides of the Atlantic should embrace a few, crucial principles to reap the benefits of this digital transformation:

- **Connectivity for all** – The future of new, convergent services relies on pervasive, reliable, high-capacity and low-latency networks that can cope with the connectivity of millions of devices. Sustained private investment in optical fibre and 5th generation mobile networks should be encouraged by policy actions that reduce the costs of rollout, minimise risk from network regulation and drive the demand, focusing on verticals that demonstrate the business case for 5G trials and market deployment. It is especially important that users benefit from optimization and innovation at the edge as well as at the network level. In this context, a user-centric and pragmatic approach to traffic management is crucial. There is a need for a common vision on how to ensure a fully open and unrestricted Internet experience in relation to all digital devices, content, services and applications, moving beyond the traditional focus on networks only.
- **Regulatory modernization** – Technological and market convergence calls the viability of sectorial regulation, in telecoms as much as in other industries, into question. If innovation-depressive rules are introduced for one specific sector, this could have a collateral effect on other industries that are gradually converging with it. There should be a decisive shift of

focus from sector-specific to horizontal regulation that is to the greater possible extent principle-based and technology neutral.

- **Openness to data innovation** – The EU and the U.S. should promote responsible, transparent and trust-driven innovation in the field of data. Strong principles and flexible rules are best placed to ensure that society makes the most of the data opportunity, while preserving fundamental principles such as the confidentiality of information.

We hope that these principles will be addressed by the ISD counterparts as key pillars of a transatlantic digital market and that the EU and the U.S. could both commit to achieving them to the benefit of European and American businesses and consumers.

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