



EU2019: let Europe craft an ambitious industrial policy for global digital leadership **Top telecom CEOs gather in Brussels to discuss their input to the future EU policy agenda**

Brussels, 15 October 2018 – A group of leading telecom CEOs gathered today in Brussels, on the occasion of the annual [FT-ETNO Summit](#), to put forward their vision for Europe's next policy agenda.

As Member States and European political groups start discussing the future EU digital policies, CEOs put forward their support for a new, strong industrial policy aimed at affirming Europe's global digital leadership.

5G, data economy and AI: a global opportunity and a challenge for Europe

With 5G and Artificial Intelligence at the doorstep, the network and services landscape is about to be revolutionised. Capital intensity continues to raise, as we deploy the cutting-edge networks required for Europe to be competitive in the digital age. European telcos are boosting their Capital Expenditure [levels](#) at an annual average rate increase of 5% since 2010 and yearly telecom investment has now reached over €47bn. However, declining returns could make this investment effort unsustainable in the long run.

Telcos can empower citizens and businesses with unprecedented opportunities: 5G will provide widespread and ultrafast high-quality connectivity. At the same time, the value of the EU data economy is expected to increase to €739bn by 2020, or 4% of the total EU GDP. AI promises smarter networks empowering users with ever convenient and customised services. European industrial leaders, and telcos in specific, are evolving towards new business models based on data. If regulation does not hamper innovation, this will reinforce a trust-based relationship with customers.

This will require Europe to stay ahead of the game, at a time when 5G subscribers' [projections](#) see Asia dominating with 900 million users in 2025, as opposed to only 178 million in Europe. Similarly, Asia is currently leading on the share of AI [patents](#), with Japan, China and Korea representing 61% of the total, as opposed to 17.9% for the US and 10% of the European OECD countries.

An industrial policy for global digital leadership

The sheer size of the challenge in front of us calls for a new industrial policy supporting Europe's global leadership in digital technologies. One that allows more space for private initiative and promotes investment and innovation, so that technology can truly empower sustainable economic growth and increased quality of life. New services and infrastructure development should be prioritised, aligning regulatory practices with political ambitions for European digital leadership.

On the one hand, Europe should launch a massive **cost-reduction initiative** aimed at facilitating the roll-out and operation of digital networks. This could imply, for example, actions as diverse as reducing energy costs, resolutely cutting red-tape for deployment or slashing times to obtain permits.

On the other hand, Europe should introduce a new **investment-and-innovation-readiness test** for all new proposed regulation. This would include a commitment not to elevate new barriers to innovation and investment when adopting new legislation. A new simplified approach to regulation that provides incentives for agents that assume investor risk is essential for any meaningful leadership aspiration in the digital world.

Today's rules require a future-oriented implementation

An ambitious policy for tomorrow needs to be rooted in an innovation and investment-friendly approach to the rules of today.

For this reason, it is crucial that the implementation of the European Electronic Communications Code (EECC) prioritises massive network investment. This means ensuring a swift and pro-5G approach to spectrum, including license conditions and prices that fully recognise long-term objectives. Similarly, the



work of BEREC on the EEC guidelines and the transposition in national laws should ensure all fibre investment are incentivised.

Tim Hoettges, CEO of **Deutsche Telekom**, said: *“Fiber and 5G are of strategic importance for Europe. We are prepared to deliver, but the network business needs to be self-sustaining. A joint effort by industry, policymakers and regulators would facilitate a faster roll-out.”*

José María Álvarez Pallete, CEO of **Telefónica**, said: *“The telecom sector is at the epicentre of the current technology revolution. Yet European operators risk losing global relevance. To preserve European competitiveness in a global digital world, European policymakers must radically change the regulatory paradigm to encourage investment and innovation”.*

Stéphane Richard, CEO of **Orange**, said: *“We have a strategic role to play in supporting Europe’s digital transformation to overcome technological and ethical challenges on such critical topics as 5G, IoT or AI. A new industrial policy, favouring a regulatory shift on network deployment and a level playing field on digital services, is key to keep Europe in the race with the USA and China”.*

Johan Dannelind, CEO of **Telia Company**, said: *“As we are about to embark on a new policy agenda for Europe, policy-makers must take their responsibility in delivering a new industrial policy which supports EU digital leadership. This is absolutely critical for Europe’s economic competitiveness and sustainable development. We are ready to do our part.”*

Alexandre Fonseca, CEO of **Altice Portugal**, said: *“Our experience confirms that a less intrusive regulatory framework, focused on real bottlenecks, investment and commercial agreements, leads to the Gigabit Society. Regulation should feed into an ambitious European industry policy for global leadership and growth”.*

Amos Genish, CEO of **TIM**, said: *“We are strongly involved in Italy’s process towards the Gigabit Society, already providing 80% of the country’s fixed and 98% of the mobile UBB connections. The recent frequencies auction is a step further in the country’s digitization: 5G is going to be a revolution both for consumers and for businesses. Regulators have the great opportunity to stimulate this course by simplifying the processes ruling network development and incentivising the demand for innovative services.”*

Dominique Leroy, CEO of **Proximus**, said: *“European Telecom operators are the new trust hub for digital services. From smart homes to manufacturing, citizens and businesses will be able to rely on cutting-edge networks and services offered by their trusted operator. European governments should encourage and support this trend.”*

Note to Editors

The following CEOs took part into the Brussels gathering: Timotheus Hoettges (Deutsche Telekom), José María Álvarez Pallete (Telefonica), Stéphane Richard (Orange), Dominique Leroy (Proximus), Johan Dannelind (Telia Company), Amos Genish (TIM), Alexandre Fonseca (Altice Portugal), Atanas Dobrev (Vivacom).

ETNO is the voice of Europe’s telecommunication network operators since 1992 and is the principal policy group for European electronic communications network operators. Its 40 members and observers from Europe and beyond are the backbone of Europe’s digital progress. They are the main drivers of Europe’s digital networks and services.

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