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**SPEECH OF THE ETNO CHAIRMAN AT THE FT-ETNO CONFERENCE  
Brussels, 1 October 2014**

***“A new EU term, a fresh approach: working together for the €3.3 trillion opportunity”***

*Dear Fatima, Dear Dan,  
Dear guests,*

This year’s event comes at a particular moment, as we are about to experience a significant change in the life of European institutions.

Later today, at our conference, Neelie Kroes will deliver one of her last speeches as European Commissioner. In the past 5 years she won an important battle: she managed to put digital on the top of the policy agenda of European governments. Who – among you in the audience – can today imagine a government without a Digital agenda?

Before entering into the debate and as we are at the BOZAR, I feel compelled to refer to the remarkable exhibition that is currently ongoing upstairs. It’s called *“Paintings from Siena”*. The curator, who organized the exhibition in the context of the Italian Presidency of the EU, has underlined how at that time Siena was one of the leading intellectual and economic centres of the world.

There is a sense of nostalgia in all of this, isn’t it? Let’s not rest on our laurels: we should build on our past and draw from it the determination we need to succeed. This is why I want to take it from there. From a Museum and with a provocative line. We don’t want to become a Museum, do we?

**A new commission, a fresh start: our hopes for the next Term**

So, with the enthusiasm and the forward looking energy that characterizes our industry, let me look ahead and see how we can win a new battle together and jointly achieve positive, significant change for EU consumers and business during the Next Term of the European Commission.

ETNO, since the very beginning, welcomed Jean-Claude Juncker’s appointment as President of the European Commission and, equally, we praised him for appointing experienced politicians like Andrus Ansip and Guenther Oettinger as the next Commission digital leaders.

A new Term is a unique opportunity, for all, to think how to re-orient policies towards the achievement of ambitious growth objectives.

For this reason, we look with great interest at the appointment of vice-presidents specifically entrusted to coordinate the work of the various commissioners and their respective directorate generals.



We have been publicly supportive of a more streamlined and synchronised approach to digital issues. In this context, we also welcome the clear objective to promote policies that are pro-growth and that are openly streamlined towards achieving greater investments in infrastructures. This objective has both been set out in the mission letters and it was clearly voiced by Commissioner-designate Oettinger during Monday's hearing at the Parliament.

Vice-President Ansip and Commissioner Oettinger's expertise and leadership will be more than needed in a scenario in which the EU telecoms industry is being seriously challenged in the context of an extremely competitive global environment.

Nevertheless, a new digital agenda commissioner alone will not suffice to change the situation. We need a profound change of perception, of approach and of mentality.

We need that change because the digital industry is shaping our future and that of our society, and the current policy paradigms seem not to be working anymore. We need the right policies to be behind new business models and the courage to implement these policies. We can make this game a win-win for all the players involved.

### **Changing perspective, sharing objectives: a new deal for Europe?**

The perception of the telecommunications industry has long been influenced by the wave of liberalization: the main goal being to open markets to competition and lower prices, companies were looked at either as "big dominant player" or as "charging too much money" to consumers. This made clear sense at the beginning and the objective of achieving open and competitive markets has been attained. From today's perspective, though, does such a way of looking at markets still make sense?

We will never seriously embrace the objective of growth and of a "new start" for Europe if we don't change this perception. A change in perception doesn't cost a penny, but it is necessary to start a new phase of policy making and, as I will explain later, it can literally translate into billions of new investments.

Do we ever hear about how our lives have been changed mainly thanks to the investments of the telecom operators? Do we realize enough that if we can today use exciting services like Netflix or Uber on our smartphones this has not come spontaneously, like this, out of the blue? This is the outcome of many years of planned investments and service development. When investors ask telecom operators more certainty about delivering a fair return on their investments, it is because the required investments are massive and the pay back does not come immediately.

Let's talk objectives then. Do we have, collectively, as European companies, citizens and institutions, a shared objective to grab future opportunities?

We, as ETNO, have a proposal for a shared objective: let's unlock together a flood of new investments in networks and services. We need them for EU citizens: they demand world-class networks, innovative services and a diverse choice. We need them for businesses: they want Europe's digital spine to empower globally competitive companies. We need those investments also for Europe's public sector: with more investments we can deliver better and more efficient public services and healthcare to Europeans.



For this reason I would like us to bet on a “new deal” for growth. And a new deal requires that we all share a vision: and that such a vision comes first from the EU, where common objectives are set. Unless this happens, growth will not follow.

Some years ago, some of us had the privilege to meet Stephen Temple, the father of the GSM M.o.U., here in Brussels. He ascribed the success of the GSM project to the intense and loyal cooperation between EU operators, which made the signing of the original document in September 1987 possible.

That is precisely what we now miss. If the EU governments take the digital agenda seriously, they need to do more than just apply the competition rules and wait until Adam Smith’s “invisible hand” delivers broadband for all. The institutions have the duty to foster the cooperation of industry players to develop new platforms and services. Europe is too much fragmented. To unify the Continent, not only cooperation between governments is required, but also between companies. And such cooperation cannot be frustrated by overly restrictive competition rules.

The next challenge will therefore be how to further improve the cooperation between the industry and the institutions in order to attain the objectives of the new Commission.

Therefore, I suggest that we all take into consideration the idea of creating a new platform with a formal European Commission decision. This platform should be in charge of facilitating the achievements of policy goals by developing innovative industry solutions.

#### **For consumers, for businesses: how to achieve the investment-flood objective**

Let me now share some considerations from a policy viewpoint. You can find some of these also in ETNO’s Agenda 2015, which has been distributed to you today.

We know, from recent estimations by Arthur D. Little, that the European telecoms sector will be able to contribute with an investment capacity of more than €250 billion over the next five years. But this is not enough. To maximize economic value and welfare, more coherent and supportive policies are needed. This is key, because according to ADL, the economic multiplier can vary substantially, from 1,5 to 13 times the initial investments. In the best scenario, the value at stake for the digital transformation of Europe would be worth 3.3 trillion euros. Isn’t this an exciting opportunity to grab?

But be aware: infrastructures and investment without real digital transformation are inefficient. Simply keeping prices low without innovation perspectives is wasteful and unsustainable and will yield short-term surplus without long term welfare creation.

In this context, we share the urgent call for ambition that President Juncker has underlined several times and that Commissioner Oettinger has so strongly put forward during his recent dialogue with the Parliament. At ETNO, we believe that the old telecoms regulatory framework should be reformed now. Europe needs regulation which is fit for the Digital Age.



This can be done, first and foremost, by alleviating traditional ex-ante regulation and by building on a simpler, faster institutional governance. Less rules, a more cross-sectorial and commercial approach will have the merit to lay the ground for an investment-friendly environment.

We have to look for a new regulatory paradigm where also regulators become one of the drivers of growth and not simply control prices or impose fines.

Second, we should better recognize the competitive dynamics of the new value chain. The services demanded by consumers imply a globalized digital value chain, in which European companies compete and collaborate with companies around the globe. For this reason, when and where regulation is still appropriate, the “same service same rules” principle should apply in the interest of both consumers and businesses.

Third, none of us wants other players to come and shop for shrinking EU telcos. Then we should acknowledge that building scale is important. And by doing that, we will also give European consumers stronger companies that can deliver a much higher consumer surplus in the long term.

Finally, EU citizens want to be reassured about data privacy and security. Trust is crucial. And not only from a political viewpoint, but also from a societal or business perspective. If trust is lacking, this can put in serious question consumer & businesses use of the new opportunities offered in the digital ecosystem. Big data and cloud are huge opportunities that can be unlocked by striking the right balance between data protection and innovation.

Let me stop here. Today, we have the unique opportunity to hear the views of our CEOs, who daily make investments happen. They will give us their recipe on how to unlock a digital renaissance for Europe.

We love Museums. And we want to keep on visiting them to learn more about the beauties and the extraordinary achievements of the past. Let’s now hear from CEOs how to win the achievements of the future!

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