

**EVENT: GUARANTEEING OPEN COMPETITION AND THE OPEN INTERNET IN EUROPE  
4<sup>TH</sup> JUNE, 2013**

**European Parliament, PHS P5B001**

- **10:45 11.35 - Panel 2. The costs and benefits of relying on the market**

**Moderator: Emilio De Capitani** Secretary of FREE Group and Visiting Professor, "L'Orientale" University, Naples.

*This panel will explore the positive and negative consequences of regulating net neutrality at the European level. What are the pros and cons from a human rights and consumer rights perspective of new legislation versus the status quo? Can the protection of neutrality in law benefit citizens and business alike? Will a failure to protect Network Neutrality in Europe hurt competition and innovation [and by extension the Digital Single Market]?*

**Introductory remarks:**

- Raegan MacDonald, Senior Policy Analyst, Access
- Christoph Steck, Director Public Policy & Internet, Telefónica

**Discussants:**

- Guillermo Beltrà, Legal Officer, the European Consumers' Organisation (BEUC)
- Lee Hibbard, Media and Information Society Division, Council of Europe
- **Luigi Gambardella, Chairman Executive Board of European Telecommunications Network Operators'**

**Association (ETNO)**

- Amelia Andersdotter, Member of the European Parliament, Greens/European Free Alliance

Luigi Gambardella, Speaking Notes.

Check Against Delivery

Commissioner Kroes, MEPs Schaake and Verheyen, distinguished speakers and guests,

- I am delighted to be with you this morning to take part in this important debate on the **Open Internet**.
- Ladies and gentlemen, **few of us here could envisage a day without Internet connectivity**. Millions of businesses and consumers rely daily on getting news and information from around the world, through numerous digital interactions and new forms of collaboration. Communication in the modern age underpins the workings of a functional economy and society.
- And we certainly are a **data and information-hungry society**. Statistics do not lie - global mobile data grew 70 percent in 2012 and video traffic exceeded 50 percent of all mobile traffic for the first time last year. For fixed internet, globally consumer traffic is expected to grow 4-fold from 2011 to 2016.
- Who facilitates these communication needs and enables this growth? Communications providers, of course. **None of this happens by magic** and telcos have their work cut out to meet consumer demands and keep everyone connected.
- But this is our business and this is what we do well. We are deeply committed to providing European citizens with innovative and reliable telecommunications infrastructure and services. We continually invest and upgrade our networks, despite the fact that we are in an **extremely difficult market situation** and we are seeing a **prolonged decline in revenues**. We are ready, through the provision of technology infrastructure, to play our part in driving Europe out of the current economic slump and we are in full, vocal support of the Digital Agenda targets which require even more investments in ultra-fast broadband networks, and in new digital services.
- This being said, we have also been vocal in saying that the Digital Agenda targets will never be achieved by continually putting restrictive policies in place which inhibit operators' ability to innovate and which do little to help guarantee optimal services and connectivity. A deeper reflection is needed on how best to achieve the necessary balance between business innovation and consumer protection.
- The debate surrounding the open Internet and net neutrality is centered around the **European consumer**. As communications providers, we are best placed to understand the needs of customers and those businesses that rely on the Internet, given our direct contractual relationship. In fact, we have a strong incentive to satisfy customers' needs. The European market is highly competitive and if we don't listen, **consumers vote with their feet**.

- What we see as providers is that **consumers are demanding differentiated products and services**, at differing price points. To serve our consumers and to meet these demands, it is **essential that the broadband industry has the flexibility to offer differentiated products and services**. At the same time, we recognize that unrestricted access to content and services is important and **we support the availability of offers without restriction of access to specific content and services**.
- Let me also be very clear on one point: **anti-competitive blocking/throttling of Internet services or content has no place in an open Internet**.
- Consumer choice should stay at the heart of the EU approach to Net Neutrality. Consumers should have the power to choose and transparent and meaningful information at their disposal to make well-informed choices. **Operators are committed to providing such transparency** – in fact, this requirement exists in current legislation today.
- **A few words on traffic management**. This is not a new tool. There is wide recognition of the role of traffic management in providing efficient and safe services to consumers. It is a vital means to ensure that our networks meet customer demands and expectations.
- Traffic management is also a means by which innovation is driven within the networks. In particular it allows services to be provided at a guaranteed quality. These **‘managed services’** are a driver for innovation in entertainment, health care and other sectors.
- **Is further regulation on net neutrality needed?** I don’t believe that further regulation or legislation is the way forward. The Citizens’ Rights Directive provides for safeguards for Net Neutrality. These provisions have not (even) been used in most Member States.
- That said, a significant amount of fact-finding work in the field of net neutrality has been undertaken by the Commission, national regulators and BEREC in the last couple of years, which shows that **strong guidance by way of a Recommendation, could prove useful to help ensure consistency and to guarantee legal certainty**. We would welcome such guidance.
- **Is further investment and innovation needed?** Clearly this is the case: **operators will continue to invest in the best effort Internet** and preserve its unique capacity for delivering innovation and supporting freedom of speech worldwide. However, investments in additional capacity and technical solutions to meet growth in Internet traffic needs should be matched with operators’ freedom to develop new economic models in the market.
- We support a **more dynamic and up-to-date approach to competition**. An approach that understands that **end-users will benefit from more investment and quality**. An approach that is capable of **adapting to market and technological trends**. An approach that allows the EU to have **stronger telecoms champions**, capable of competing at the global level and helping to make Europe competitive again.

- Thank you and I look forward to addressing any questions in the Q&A session.