



European Commission - Speech [Check Against Delivery]



Getting Europe ready for the next generation of connectivity infrastructure | Speech by Commissioner Breton on "EU's Digital Ambitions" at Business Finland

Helsinki, 6 February 2023

Ladies and Gentlemen,

I am delighted to be back in Finland to talk about the "EU's Digital Ambitions." There couldn't be a better setting. Finland is one of the Member States with the most ambitious digital agenda, and leading digital competitiveness rankings, in the EU and worldwide.

In the Commission, we are working every day for each and every Member State and the European Union as a whole to be digital leaders, and to embrace the full potential of digital to modernise our Single Market.

[EU's Digital Ambitions]

Our ambitions are clear. Empower our citizens and businesses in a smoothly functioning Single Market without barriers, protect our democracies, and lead the technological race. By setting clear targets for 2030 to federate our efforts, and providing the necessary regulatory framework and investment conditions.

With two guiding principles:

- more self-assurance regarding our strengths: our attractiveness as the world's largest Single Market; and our ability to lead not only on research and well-established technology, but also to lead on the markets of the future;
- and more self-assurance regarding our ability to set our own rules of the game, rather than just accept the choices of others, giving us the capacity to project ourselves onto the global stage and attract foreign investment.

And I dare say that we are delivering. Let me quickly mention a few examples.

With the **Digital Services Act and the Digital Markets Act** we have reorganised our digital space. The DSA will protect our citizens in the digital world against disinformation or cyberbullying of children. The DMA will ensure fair competition in the access to the digital space so that platforms cannot abuse their gatekeeper position. I am in contact with platforms so they get ready to comply. In Europe, the largest integrated digital market in the world with its 450 million population, online platforms will no longer be able to act like they are "too big to care".

We are rolling out an ambitious strategy to unlock the full potential of the data economy. With the **Data Governance Act**, already adopted, and the **Data Act**, in advanced negotiations, we are building a genuine Single Market for data, opening up opportunities for all economic players and making Europe a global leader in the data-agile economy.

And we aim to double our global market share to 20% by 2030 and produce the most sophisticated and energy-efficient semiconductors in Europe. With the **European Chips Act**, we are setting the conditions and mobilising the investment needed to ensure the EU's security of supply, resilience and technological leadership in semiconductor technologies and applications. We already see these investments materialise on the ground with many mega fab projects emerging, not to mention the ongoing IPCEI with 100 companies in 20 Member States including Finland.

Semiconductors and data are two prerequisites for **Artificial Intelligence**, on which we are also taking action by establishing a solid and proportionate world-leading regulatory framework to increase trust and reliability, and building partnerships to boost its uptake, innovation and investment in Europe.

With our **EU Standardisation Strategy**, we are reinforcing our role as a global standard-setter, promoting digital standards that reflect European values and boost the international competitiveness of our industry.

We are also making great strides when it comes to **cybersecurity**, in all its dimensions: mandatory security requirements and incidents reporting for all critical economic operators; minimum cyber security requirements for any product, software or hardware; operational cooperation between the 27 Member States and more recently stronger cyber defence cooperation. We are also consolidating our international cooperation especially with the US: I just launched with Secretary Mayorkas several concrete workstreams to enhance our cyber cooperation as part of the EU/US cyber dialogue. We have also increased the cyber security of our 5G networks through the 5G Toolbox to remove any high-risk suppliers from the core and RAN. Let me mention here that although 23 Member States took legislative action to implement the toolbox, only 7 of them have actually imposed the necessary restrictions. This is not enough.

Finally, we agreed on the establishment of **IRIS², our space based secured connectivity infrastructure**. IRIS will increase our resilience and sovereignty by complementing terrestrial infrastructure and delivering high-speed internet access through a multi-orbital system. It will be ultra-secure, thanks to **quantum** encryption, enabling defence and security governmental applications. The war in Ukraine has shown the strategic interest of Low Earth orbit systems to ensure connectivity in any circumstance.

After this quick reminder of our main achievements, let me now turn to the dimension of our digital ambitions that I would like to focus on today – **connectivity**.

[Connectivity as backbone of EU's Digital Ambitions]

Without top performance connectivity, no digital ambition can be achieved. That is why the EU has set the target of providing Gigabit connectivity to all European households and 5G coverage in all populated areas by 2030.

And that is why we are looking beyond current network technologies and have launched a major research initiative to develop **6G networks** – the **Smart Networks and Services Joint Undertaking**.

The objective is clear: leading the conception and standardisation of 6G technologies, with a holistic industrial approach which focuses on connectivity but also tackles future chips for 6G and edge cloud environments. And in this way putting the EU telecoms industry in pole position in the race for 6G standards. This is central. We should be mindful of the risk stemming from non-EU actors, especially Chinese, in the standardisation process towards 6G. Together with our allies, we aim to win the technological race.

In this context I have to thank Finland for its essential contribution. **Your 6G bridge programme** is extremely important to reach the goals of our Joint Undertaking and plays a pivotal role for the competitiveness of the EU.

Now – if we look at what is happening on the ground, we can see that the rollout and coverage of Gigabit networks in the EU are increasing. However, this is a massive endeavour and unfortunately, so far, the speed of progress is not satisfactory enough. We need to accelerate.

This is why we will table a proposal this month to review the Broadband Cost Reduction Directive. So far, this legislation has proven not fully effective in reducing the costs and speeding up the deployment of broadband networks.

With the new **Gigabit Infrastructure Act**, we will increase our ambition, shift the focus towards the fastest network technologies and make the rollout of Gigabit networks faster and cheaper by:

- reducing administrative costs and burden by streamlining and digitising permitting procedures,
- accelerating the deployment of 5G, by facilitating the joint use of physical infrastructure,
- and fostering the deployment of fibre networks, building on the learnings of the renovation wave.

In parallel, we will propose a **Gigabit Recommendation** which will provide guidance to National Regulatory Authorities on how to use the tools at their disposal to incentivise faster network deployment and ensure that new investments are rewarded in a fair manner.

[The future of the connectivity sector and infrastructure]

The Gigabit Infrastructure Act is what I would call the short-term fix. In parallel, there is an urgent need to reflect on our **future connectivity needs and the necessary infrastructure and investments**.

Connected devices, augmented and immersive reality, blockchain, digital twins, artificial intelligence, the race toward 6G... to support these developments, network virtualisation and network slicing become increasingly common and connectivity, computing – be it high performance computing, cloud or edge computing – and data storage are converging.

With the internet value chain becoming increasingly complex, we can expect unprecedented changes in the business model of connectivity providers with a shift of a large proportion of incremental investment costs into linear operational expenses.

We are likely to see telco operators turning their business from being mere connectivity providers to becoming infrastructure-as-a-service providers or even innovative software providers.

To stay ahead of these transformative technological developments, we need to ensure that the regulatory framework is fit for purpose and that funding is adequate and effective.

This is why, also this month, we will launch a public consultation on the **future of connectivity and infrastructure**.

This will be a broad exercise to help us put the finger on two fundamental questions:

- What is the infrastructure that Europe needs to lead the digital transformation in the years to come? In short – where do we need to invest?
- How to ensure that all the investments required to roll out such infrastructure are timely mobilised across the Union? In short – how should we invest?

The investments which will be required to achieve our ambitions will be enormous and we need to ensure that they are matched by the availability of sufficient funding. The burden of this financing should not be only on the shoulders of the Member States or the EU budget.

At a time when technology companies are using most bandwidth and telco operators are seeing their return on investment drop, this also raises the question of who pays for the next generation of connectivity infrastructure.

The **European Declaration on Digital Rights and Principles for the Digital Decade** already established that all market players benefiting from the digital transformation should make a fair and proportionate contribution to public goods, services and infrastructure, for the benefit of all Europeans.

So – we have a vision, and we have a goal, which is boosting the deployment of the telecom infrastructure of the future, to make Europe a digital leader. Now we need to deliver.

The consultation will also explore how we can build a true Single Market for telecoms. The current fragmentation in Europe with suboptimised business models based on national markets and high costs for national spectrum licenses is holding back our collective potential compared to other continents.

I believe that creating a true Single Market for telecommunications services also requires a reflection on encouraging cross-border consolidation, all while preserving fair and necessary competition for the benefit of our consumers.

The consultation will run for a couple of months and I look forward to receiving your input and expert views. We will then take stock and report on proposed way forward later this year.

Ladies and gentlemen,

Before I conclude, allow me to come back to the Single Market, which I have alluded to throughout my intervention, and which celebrates its 30th anniversary this year. The Single Market is our biggest asset. We need to continuously preserve, improve and reinvent this formidable resource.

We must continue to guard it against the risks of fragmentation – whether they are linked to crises, or due to barriers in “normal times”. For the former we have proposed the Single Market Emergency Instrument, and for the latter I will continue to work with Member States to tackle the barriers erected by their national regulations and administrative and commercial practices, as we are doing successfully in the framework of Single Market Enforcement Taskforce.

We must continue to improve and reinvent the Single Market. Not so much by pursuing the somewhat abstract Holy Grail of the fully integrated Single Market – but by focusing on tangible issues where we can deliver tangible results.

Three final thoughts on this:

- Firstly, we must leave old-fashioned dichotomies aside that create antagonism where there is none. I am talking of course of the so-called friends of the Single Market and the friends of industry.
- With highly integrated and interconnected value chains in the Single Market, we are all in the same boat. And all our policies are designed not just thinking of big industrial groups but more so for all the service providers and SMEs along the value chain.
- Secondly, digital is now an integral part of the Single Market, and not a separate policy conducted in a silo. Just as we are doing considerable work to adapt our Single Market to the digital reality, for example by regulating the access and sale of goods and services online through the DSA, we are also improving the functioning of the Single Market with digital tools such as the Single Digital Gateway or the European digital identity.
- Thirdly and finally, it is always interesting to take a step back and observe the reactions of our partners like the US and Canada where I was last week: they are impressed by our ability to put forward harmonised rules in the Single Market, being pioneers and setting global regulatory standards.

In Europe we have a tendency to be self-critical and defeatist. Coming back to my earlier point on self-assurance, my message, in sum, is: yes the challenges before us are still immense, but I am confident in our ability to emerge even stronger, with unity, solidarity and leadership.

Thank you.