

## ETNO

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### *“Europe’s Internet Ecosystem: Is Everybody Contributing Their Fair Share?”*

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- Everybody realizes **the importance of achieving Europe’s Digital Decade 2030 targets**.
  - Europe’s digital transformation will offer **prosperity, security and competitiveness**.
  - Europe aims to **empower businesses and people in a human-centered, sustainable and more prosperous digital future**.
- The European strategy for the Digital Decade as discussed in the 2030 Digital Compass sets two **ambitious** objectives with regards to connectivity: a) All European households to be covered by a Gigabit network independent on technology by 2030, and b) all populated areas to be covered by 5G by 2030.
- Furthermore European Union aims at becoming the first climate neutral continent by 2050 and to achieve this, gas emissions should be reduced by at least 55% by 2030, compared to 1990 levels.
- Available data show that Europe is still behind other regions with regards to the deployment of VHCN - FTTH and 5G.
- According to the Broadband Coverage in Europe 2020 report of EC DG-Connect FTTP availability continued to grow in 2020 at an increasing rate compared to previous years, rising by 5.0 percentage points to pass 42.5% of EU homes at the end of June 2020. FTTH/FTTP is making good progress in Europe but still has to compete with legacy copper-based networks. In other parts of the world FTTH/FTTP network deployments make faster progress and according to IDATE the top 5 countries in June 2021 in number of FTTH/FTTP subscriptions were **China, Japan, Russia, USA and Brazil**.
- The situation is similar with regards to 5G deployments where Europe lags behind countries like **China, South Korea, USA and Japan** in terms of 5G coverage (number of 5G base stations deployed – in particular standalone), capital expenditure (according to IDATE study “World 5G markets published in Dec 2021, China accounted for 40% of investments from our players’ selection almost on par with the USA 37% while Europe only for 10%), subscribers and revenues.
- Policy and regulatory action is still required to further speed up the deployment of fiber/5G and achieve our ambitious objectives. Our goal should be to formulate policies that will **encourage investment** for the development of fiber/5G, but **will also support the demand** side so that this infrastructure is accessible and long-term economically viable.

- One of the three strategic priorities of BEREC is to **promote full connectivity**. BEREC is committed to work towards creating regulatory stability and predictability for the benefit of investments in VHCN. We prioritize work that improves the conditions for the expansion and take-up of secure, competitive and reliable VHCNs (both fixed and wireless) across Europe.
- **Data internet traffic continues to grow and that video, social media and gaming platforms consume the majority of this traffic**. Cloud services play also an important role. Ensuring good quality is of high importance for all users of digital services.
- BEREC prioritizes work that supports **sustainable and open digital markets**.
- Open internet is considered an important building block in the current EU telecom legislative framework benefiting end-users. **BEREC has been working on the Open Internet issues** since its first days.
  - BEREC has published several documents about quality, transparency and practices resulting in restrictions and competition issues in the Open Internet in Europe.
  - Furthermore BEREC has a key role with regards the implementation and the monitoring of the Open Internet regulation. The aim of this regulation is to ensure an equal playing field and to prevent ISPs from exploiting their role as gatekeepers of IP traffic termination.
- BEREC has also studied IP-interconnection practices in the context of Net Neutrality/Open Internet in 2012 and in 2017 and we have followed the relevant evolutions on the way the market works. At that time BEREC identified the key market characteristics as well as the factors that need to be considered for ensuring that market forces work efficiently. **No relevant regulatory intervention was proposed in 2017**.
- **Currently BEREC works towards the finalization of our report on the internet ecosystem**. The report will be published in mid-June for public consultation. In this work we recognize that Big Tech companies are the most relevant actors for the client and server sides of the internet ecosystem and have traditionally provided services on the client and server sides of the internet ecosystem. However, in the recent years they have invested on the internet infrastructure-related elements. **The analysis of the competition dynamics of the internet ecosystem's elements shows that there are several issues and potential bottlenecks. A small number of digital platforms have reached a position allowing them to shape and restrict the competition dynamics on different elements of the internet ecosystem**.
- BEREC also works on the preparation of Workprogramme for 2023. The need for **updating our IP interconnection study** has been identified both internally within BEREC and by our stakeholders. This update will allow us to evaluate the impact of the recent market developments and the investments made by the different stakeholders. In this context, BEREC could assess the fair share contribution options reflecting also the available empirical findings and observations from South-Korea. The potential effect on end-users and in terms of connection quality and potential increasing prices as well as the position of smaller players should be carefully evaluated. We have indications that in South Korea, regulatory intervention in the IP market caused larger players to circumvent increased prices by rerouting

traffic and move to transit, with the effect of lowered connection quality for end users, and a relatively higher burden for smaller companies. This is something to be further investigated.

- **Furthermore, a more detailed analysis of CDNs' market also in light of their relevance in the digital ecosystem** is considered for BEREC's future work.
- **Axon in "Europe's Internet Ecosystem: Socio-Economic Benefits of a Fairer Balance between Tech Giants and Telecom Operators" study foresee a role for NRAs and BEREC.** BEREC has been following very actively the evolution and all the regulatory initiatives on digital markets, such as the DMA. We recognized that some digital platforms have been increasingly acting as gatekeepers with all type of users and as gateways to necessary inputs. BEREC welcomed the ex-ante asymmetric regulatory intervention towards these digital gatekeepers which is necessary to ensure that competition and innovation are encouraged, that end-users' interests are protected and that the digital environment is open and competitive. BEREC will have an active role in the new DMA framework.
- **Axon's study also raises sustainability considerations which attract not only BEREC's** but also our stakeholders' attention. BEREC can have a role in contributing to the development of innovative digital services and technologies sustainable by design. It can also support the empowerment of end-users through environmental transparency on digital products and services.
- **BEREC can also play an active role in the IP-interconnection discussion.** As regulators we are committed to contribute to connectivity, competition, innovation and end-users' rights protection and we are ready to apply any intervention needed to make sure that Europe meets its digital transformation targets with all the positive impact for our citizens.