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Datum 22. Juli 2024

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Statement: White Paper “How to master Europe’s digital infrastructure needs?”

To whomever it may concern,

on behalf of the VAT - Association of Alternative Telecom Network Operators in Austria, a unique association of fixed and mobile network operators and infrastructure companies, we support the White Paper of the European Commission on mastering Europe’s digital infrastructure needs. We recognize the importance of driving innovation, resilience, collaboration and connectivity in a digital ecosystem.

However, we have identified some shortcomings in the Commission’s approach that could result in regulations hindering, rather than promoting, the digital economy, thereby posing a significant threat to economic growth. We would like to stress that the digital transformation is at different stages in the Member States. This means that it will be difficult to implement uniform solutions. We would like to remind the Commission that some Member States have more urbanized areas than others, which naturally makes broadband deployment more challenging. As a result, more fiber optic cables are needed, leading to higher costs per connection and higher investment requirements for small and regional network operators. In this context, the challenges that the White Paper presents for local and regional network operators must be addressed, in order to ensure **inclusivity, non-discriminatory competitiveness and sustainability in the digital infrastructure landscape**. Otherwise, it risks that these local or regional network operators will be left behind, unable to catch up to their larger competitors.

Therefore, with this statement, we would like to point out the key areas of the White Paper, where a uniform application of the Commission’s proposals would present the most concerns for local or regional network operators. We believe that by highlighting and addressing these issues, we can work towards an effective digital infrastructure framework that all stakeholders can benefit from, notwithstanding their size.

Pillar 1: Creating the „3C Network“– “Connected Collaborative Computing”

We support the European Commission’s view on the need to foster innovation through collaboration. By implementing these innovations in Europe, can we safeguard our economic security and prosperity. Collaboration among different sectors of the digital value chain, including chips manufacturers, network equipment providers, edge and cloud service providers, is essential for driving innovation and delivering next-generation connectivity and computing solutions. Network operators are responsible for deploying and maintaining the physical infrastructure that forms the backbone of digital connectivity, including fibre optic networks, 5G wireless networks, and data centres. However, we do not support the view presented in *Scenario 1*:

Scenario 1: The Commission may consider proposing large-scale pilots that set up end-to-end integrated infrastructures and platforms for telco cloud and edge. In a second step these pilot



infrastructures would be used to orchestrate the development of innovative technologies and AI applications for various use cases.

Participation in large-scale pilots focused on telco cloud and edge technologies may **favour bigger, more established network operators with extensive resources and capabilities. Local and regional network operators**, particularly those operating in low coverage or rural areas, may face **barriers to entry to the market or may not have the capacity to compete in such initiatives effectively, resulting in their exclusion from key development projects**. The high costs associated with deploying and orchestrating innovative technologies and AI applications could be prohibitive for smaller operators. In order to achieve the goals, set by the European Commission to create a “3C Network”, it is necessary to present a funding plan or to further enhance national, public and private investments.

Pillar 2: Completing the Digital Single Market

In Pillar 2, the Commission highlights that regulatory fragmentation impedes the realization of a European Single Market for electronic communication. This ongoing fragmentation restricts the growth and development of pan-European operators, limiting their ability to invest, innovate, and compete with global rivals. By harmonizing regulations and promoting cross-border activities, the Commission suggests it is possible to create a more uniform and efficient market.

We strongly urge the Commission to reconsider its vision for pan-European operators. Aligning the regulatory framework with the evolving landscape of electronic communications networks could significantly impact competition within the European Single Market. Local and regional operators may need to reassess their strategies, investments, and partnerships to stay competitive. This approach could cause considerable damage. Regional network operators are not only under substantial pressure due to competition, but also suffer from various factors. These factors include disadvantages in economies of scale, reduced financial resources, fewer resources for research and development, fewer opportunities to increase brand awareness and a reduction in competitiveness. All these factors can lead to the decline or elimination of local or regional operators from the market.

In our view, we must include local and regional network operators. They are the driving force behind the nationwide availability of fibre optic networks by 2030. Their participation is necessary to fulfil the multiple needs of local communities and to ensure that the roll-out of digital infrastructure is equal and fair. Without their involvement, less urbanized areas could fall significantly behind the Digital Decade targets for 2030 and a ubiquitous availability of fibre networks, which increases the digital divide and undermines the desired economic and social benefits of a Single Market for electronic communication.

3.2.7. Access policy in a full fibre environment

This section explains that the main objective of market liberalization is to transition the electronic communications sector from a regulated to a market-based environment. However, we do not support the Commission’s view that the need for sector-specific regulation is decreasing. Despite proactive measures, local and regional network operators still have fewer competitive opportunities compared to incumbents.

We do not support the Commission’s view that market liberalization could benefit small and regional network operators. Rather, we believe that small and medium network operators could suffer from a full market-based environment. As mentioned above, local and regional operators could face significant challenges, such as loss of autonomy, increased compliance costs and competitive disadvantages. In future, measures are needed that take equal account of larger network operators and small or regional operators. In this regard, it is essential to support small and regional operators through funding mechanisms, regulatory incentives, support systems, and by fostering cooperation and partnerships. As noted previously, many small and regional network operators in the European Union will otherwise be forced to exit the market, which will jeopardize broadband expansion and hinder the realization of a digital future and a gigabit society.

3.2.6. Copper Switch-Off

Although we mentioned at the beginning that we are only addressing the proposals of the Commission that raise the most concerns, we would nevertheless like to take this opportunity to express our support towards the Commission regarding the copper switch-off.

The transition from copper to fibre networks is an essential precondition for modernizing the network infrastructure in order to meet the increasing demand for high-speed connections. The switch from copper to fibre networks will enable regional and local network operators to provide faster and more reliable broadband services to their customers and thus improve their competitiveness in the market. In addition, the switch from copper to fibre networks contributes to achieving climate targets and reduces the digital divide between urban and rural areas. **For this reason, we are highly in favour of the switch from copper to fibre networks.**

Conclusion

In summary, **we value the efforts of the European Commission to provide a regulatory framework, such as the Digital Networks Act could be,** as a key basis for shaping the future of the European Union's digital infrastructure. We urge policymakers to strike a right balance between regulation and the promotion of a competitive and non-discriminatory European Single Market for electronic communication.

We advise the Commission that although the intentions of these regulations are well-meant and designed to make the market transparent, secure and open, these regulations make it more difficult for many companies, e.g. small and regional companies, to remain competitive. For this reason, **local and regional network operators must be taken into consideration within this framework.** After all, their significance is highlighted by the fact that **they are the ones who provide a ubiquitous availability of fibre access.** Tackling the above-mentioned potential disadvantages for local and regional network operators is crucial to ensure a diverse and dynamic ecosystem of network providers and to achieve the European Commission's 2030 Digital Decade targets.

Many thanks for the consideration of our comments.

We stand at your disposal in case of any questions.

Kind regards,

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CEO