



EUROPEAN COMMISSION

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Enhancing the broadband investment environment

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

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Context

A strong European digital sector is vital for Europe. We need growth built on cloud computing, eHealth, access on demand to exciting new content and services, data-intensive business, and much more.

Very fast broadband is the precondition for all that. So we also need the sector that provides that vital infrastructure – telecoms companies and others – to be strong.

In 2012 alone, 35 million Chinese households will be connected to very fast broadband. We need to do much better to compete with that.

Over a decade ago, we successfully introduced competition to European telecom networks. The results to date have been positive for consumers and businesses. Now the transition to an expensive new generation of high-speed networks, co-existing with the old, poses special challenges. Though the public sector can help, the real heavy lifting must be done by private investment. For that, more predictable returns on investment are essential.

I am determined to achieve that. I have been consulting – deeply - since October 2011 on how to do so ... while conserving the benefits of competitive markets.

Conclusions

In the polarised debate on this issue, no one policy response can give 100% satisfaction to all the competing interests. But today I am presenting the outlines of a package that will provide the one thing that everyone wants: durable regulatory guidance – to last until at least 2020.

I will present this package for formal adoption by end 2012 but think it is important to share my thinking up front. There are three key elements:

1) **tougher non-discrimination rules** which ensure that incumbents do not get an unfair advantage. That means mechanisms ensuring competing operators get the same inputs, on equal terms and of equal quality, as the incumbent's own retail operations. Also that their margins are not artificially squeezed. This should enable alternative operators to compete on quality and service, in addition to price.

2) **Stable copper prices: no price cuts on average** to what incumbent network operators can charge to competitors buying wholesale access to their copper networks. The evidence shows that lowering copper prices (from current average of €9 per month) will not induce greater investment in very fast broadband. But we do need to aim at more consistency in the approach to price regulation across Member States. There are some justifiable differences due to local conditions, but current outcomes vary too much.

3) **More flexibility for "next generation" wholesale products:** national regulators will no longer be required to apply cost-oriented price regulation in almost all circumstances. But the flexibility on "next generation" pricing will depend on application of **the non-discrimination rules** to ensure genuine equal treatment of competitors, and on a competitive counterweight from copper-based services or other infrastructures like cable and 4th generation wireless.

What this all means

This package will rebalance regulation to focus better on a level playing field; it limits regulatory intervention to what is strictly required; and it takes into account the gradual and difficult transition from copper to fibre networks.

You have the full details in writing, available via the Commission's press services and my blog.

I want this news to send a strong positive signal to the market today – a signal that **the telecoms sector has a strong and stable future.**

Next steps

This is only one piece of the broadband investment puzzle.

We must still clear the way for more content and services to circulate in a real digital single market.

We also need public-private financing with the Connecting Europe Facility. And we must help local and national government reduce the planning and engineering costs of broadband roll-out. But no-one can say from today that the EU is not doing its bit to promote investment in competitive high-speed broadband.

As we put this package into its final legal form, the sector can move forward with confidence with investment plans.