



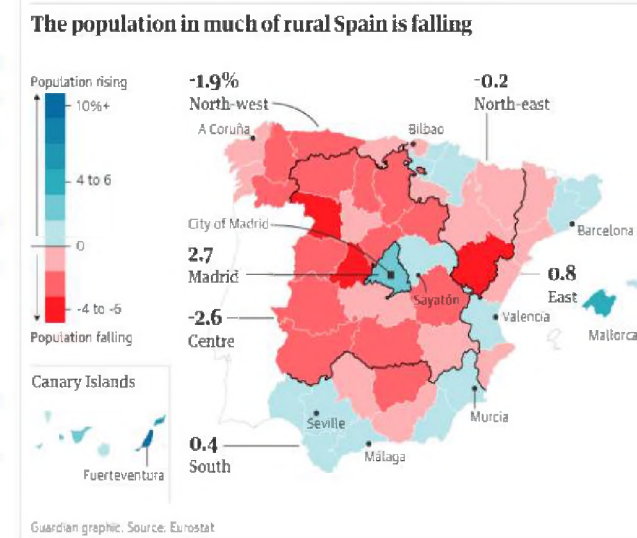
# Public funding of 5G deployment in rural areas vs State Aid - Spain

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# The benefits from 5G need to be delivered to all of Spain, not just urban areas

5G capabilities are key to the recovery of Spain from the COVID pandemic and to its digital transformation, ensuring resilience. 5G should be available to all citizens

- The Commission has identified direct and indirect benefits from the deployment of 5G, which forms a core element of its policies.
- “5G is seen as a game changer, enabling industrial transformations through wireless broadband services provided at gigabit speeds, the support of new types of applications connecting devices and objects and versatility by way of software virtualisation allowing innovative business models across multiple sectors” (5G for Europe: An Action Plan – Sep 2016)
- “Europe must invest more in the strategic capacities that allow us to develop and use digital solutions at scale and to strive for interoperability in key digital infrastructures, such as extensive 5G (and future 6G) networks and deep tech” (Shaping Europe’s Digital Future – Feb 2020)
- The Commission has recognized that 5G benefits are even more needed after the pandemic:
- “The COVID-19 pandemic has radically changed the role and perception of digitalisation in our societies and economies, and accelerated its pace. Digital technologies are now imperative for working, learning, entertaining, socialising, shopping and accessing everything from health services to culture. (Digital Compass – March 2021)
- The need for these benefits to be delivered to all of Spain is particularly acute:
  - Lockdowns have exacerbated isolation of rural areas
  - Similarly, these areas will be hardest hit by the consequent economic upheaval; and in addition
  - Spain is faced with substantial further de-population of rural areas (*La España vaciada*), if the recovery of the economy is concentrated in urban areas.



## Existing 4G networks will not support 5G capabilities – leaving regions with just 4G will lead to a new digital and economic divide

**5G is more than just another radio layer in the network, it is both a radio technology and core network capabilities**

- The 5G core network is available to deliver a range of capabilities that will supercharge economic growth:
  - Low latency communications
  - Edge & Cloud computing
  - Support for Massive IOT
  - Network slicing
  - Connection management: connected vehicle, sensorization, Smart village and Agro-Data
- **Full 5G capabilities can only be supported on 5G-NR networks**, 4G is simply not standardised to deliver them
  - An approach to State Aid approval that is based on 4G coverage being “good enough”, will lead to a two tier economic recovery, with 5G areas delivering better outcomes in urban areas than rural areas which will be left with just 4G.
- 5G will eventually replace 4G completely in the network, however, in the remotest areas this will not start happening until 2027 at the earliest. By this time it will be too late and “*La España vaciada*” will have become a demographic reality.





The Commission has previously approved State Aid based on accelerating future investment

→ For example, acceleration of broadband deployment in rural areas of Spain to face the 2008 economic crisis.

**Commission Decision of 14 February 2009 [N 323/2009](#) – Spain Broadband in Rural Areas of Asturias**

*Market failure and cohesion considerations*

*“Broadband connectivity is of strategic importance because of its ability to accelerate the contribution of information and communication technologies (ICT) to growth and innovation in all sectors of the economy and to social and regional cohesion.” (p.33)*

*“A well targeted state intervention in the broadband field can contribute to reducing the 'digital divide' that sets apart areas or regions within a country where affordable and competitive broadband services are on offer and areas where such services are not, thus achieving greater cohesion in line with the common interest.” (p.35)*

*“In the context of the financial and economic crisis affecting severely the European economies, it was further recognised by the Commission that broadband investments can be considered as “smart investments” that are able to provide short term (employment) benefits and long term (economic) advantages for the EU economies. Hence by accelerating broadband deployment, the current measure is also in line with the European interest to support fast recovery of the European economies.” (p. 37)*

\*\* See also Commission Decision of 12 August 2010 [N 699/2009](#) – Desarrollo del programa de infraestructuras de telecomunicaciones en la Región de Murcia



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