DG CNECT
The digitising of industry: the wider view
Keynote speech by Commissioner Breton at the meeting with GSMA
21 January 2021

Name of Cabinet Member: Filomena Chirico
Name of the Director who has cleared the material: Rita Wezenbeek
BASIS request ID: CAB BRETON 598
Room, time: online, X Jan
Participants: see CV list
Name of main contact person: 1, CNECT B1, 2 CNECT B1

SPEECH

Scene setter/Context of the event:

You will have a videoconference meeting with the GSMA and [redacted] of major European mobile operators. The topic of the discussion will be ‘The European Commission’s Digital Agenda and Post-COVID-19 recovery’. The meeting will take place on X January 2020. Attached to its meeting request, the GSMA sent the recent paper “Sovereignty, resilience and trust. Strengthening Europe’s Digital Economy After COVID-19”.

The three key messages:

- The digital transformation is accelerating through the COVID crisis. The EU cannot just passively witness it. We must take our destiny into our hands and act to enhance our digital sovereignty.
• Connectivity is a crucial part of our digital sovereignty. The electronic communications industry has a central responsibility in making Europe fit for the digital future. This requires that the industry is well “tuned in” regarding the rapid changes taking place with respect to
  • the role of connectivity in the COVID 19 crisis,
  • technology and business models, including those applied by disrupters, OTT players and hyper-scalers
  • and the wider perception of health and security issues of the industry both at European and international level.
• Whereas the Commission can help driving the agenda, it is also necessary for the industry to rise to the challenge, identifying opportunities and applying courage and creativity to make sure Europe stands its ground in providing its own sovereign and secure infrastructure in the widest sense, that is indispensable to support the digital transformation.
• Apart from driving the agenda, the Commission can help by creating the proper regulatory and investment climate to trigger a combination of public and private investments in world-class connectivity.
• Our main, unprecedented investment tool is the Recovery and Resilience Facility, which foresees 20% of the funds allocated to digital investments, with 5G infrastructure being a strategic element.
• Digital sovereignty means having access to key digital technologies and autonomous production capacities to be resilient and sustainable in the future. We want to diversify our key supply chains and make autonomous choices in key technological areas, such as the European Cloud, OpenRAN, secure 5G networks.
• Our regulatory on-going actions include the Code’s pro-investment measures, the Recommendation on a common Union toolbox, the review of the Broadband Cost Reduction Directive, and various initiatives in the area of spectrum.
• We are working towards achieving a level-playing field in a
number of areas, such as the DSA/DMA, the ePrivacy directive and the revised NIS Directive.

Speaking points

Introduction

- I am delighted to participate in this meeting.
- The escalating COVID-19 pandemic is a significant blow for our society. But a major consequence of the pandemic is that the digitalisation of the society and economy has accelerated. This trend is here to stay.

Digital Agenda and recovery

- That is why the European Council has decided to dedicate at least 20% of the Recovery and Resilience Facility to investments supporting the digital transition.
- This includes investing in digital infrastructure, including 5G and fibre, ensuring that all companies operating in the Union can enjoy next-generation connectivity.
- The EU telecom Industry leadership will be essential to unleash the full economic and societal potential of the RRF. I look forward to our agreed cooperation to strategically reach out to stakeholders to prepare future important projects.
Strategic autonomy – Open RAN and telco cloud

• But in this transformation, open strategic autonomy has to ensure our prosperity and security towards unexpected challenges.
• For example, trustworthy cloud services and infrastructures are essential to ensure the secure use of European industrial data.

• On another front, Open RAN technology is becoming a global strategic issue for the future of the communication industry, despite some remaining technical challenges. Europe has the potential to establish a strong position in this area, in particular on the basis of existing EU leading vendors, supported by a proactive EU policy.

Level playing field

• An area intensely discussed recently is that of the level playing field. As I often say, any company is welcome to do business in Europe provided it respects our rules. Let me reassure you that my aim is that similar rules apply to similar services. In that regard, we are working on a number of important initiatives.
• First, perhaps the one attracting most media attention is the recent Commission legislative proposal for regulating digital platforms through the Digital Services Act (DSA) and Digital Markets Act (DMA).
• With the DMA, the Commission is determined in ensuring fair competition and contestability of digital markets where digital gatekeepers operate. Such companies have become too big to care.
Second, the Commission continues to be committed with revamping the ePrivacy Directive. It is necessary to adopt the ePrivacy Regulation as soon as possible to ensure a more effective protection of the confidentiality of communications and to allow more possibilities to process electronic communications data.

Finally, the Commission is now proposing a revised set of rules aiming to address the deficiencies of Network and Information Security (NIS) Directive, to respond to the growing threats due to digitalisation and interconnectedness.

Competition aspects, in particular cooperation and market consolidation

Let me now mention some regulatory aspects that play an important role in enabling this transformation.

First, the European Electronic Communications Code started applying in December and contains a number of pro-investment measures. It also introduced the new regulatory objective of promoting connectivity, access to and take up of very high capacity networks.
Mobile data opportunity

- Let me close my initial remarks with an opportunity for the mobile industry. Big data and IoT represent a huge opportunity for MNOs to diversify revenue sources, counter declining ARPUs and expand to new areas of the value chain.

- Yet it represents a shift in your strategy in that you will need to develop new, non-traditional, services. This is also important in view of growing competition from new digital players. Therefore, it is probably the area where most efforts should focus.

- At the same time, the essence remains: fast and reliable mobile connectivity is needed.

- The telecoms regulatory framework is flexible and can be adjusted not to represent a barrier to the mobile data opportunity. We believe that the rules as they stand are fit for purpose to accommodate IoT applications.

Conclusion