Maximizing fibre infrastructure investment in Europe

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Hervé Dupuy
Deputy Head of Unit
Broadband Policy (CONNECT.B5)
DG Communications, Networks Content and Technology
Part 1

Broadband deployment
Where do we stand now?
Digital Agenda for Europe (DAE) 2010-2020

2 targets by 2020 on high-speed (NGN) Broadband:

- **Coverage**: access to 30 Mbps or more for all citizens, business, etc.

- **Take-up**: 50% of households having 100 Mbps subscriptions or higher by 2020.
### Challenges ahead for fast and ultra-fast broadband coverage and take-up 2020 targets

<table>
<thead>
<tr>
<th>TARGETS</th>
<th>Starting Point</th>
<th>Progress 2009-2013</th>
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</thead>
<tbody>
<tr>
<td>FAST BROADBAND (&gt;30 Mbps) COVERAGE FOR ALL</td>
<td>3%</td>
<td>62%</td>
</tr>
<tr>
<td>50% OF HOUSEHOLD TAKING UP BROADBAND SUBSCRIPTIONS &gt; 100 Mbps</td>
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<tr>
<td>100% INCREASE IN ICT R&amp;D* PUBLIC SPENDING</td>
<td>55%</td>
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<tr>
<td>ROAMING AT NATIONAL PRICES</td>
<td>14%</td>
<td>63%</td>
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<tr>
<td>33% OF SMES SELLING ONLINE</td>
<td></td>
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<tr>
<td>20% OF POPULATION BUYING ONLINE CROSS-BORDER</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>50% OF POPULATION BUYING ONLINE</td>
<td></td>
<td></td>
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<tr>
<td>60% OF DISADVANTAGED PEOPLE USING INTERNET REGULARLY</td>
<td>47%</td>
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<tr>
<td>75% OF POPULATION USING INTERNET REGULARLY</td>
<td>57%</td>
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<tr>
<td>15% OF POPULATION HAVING NEVER USED THE INTERNET</td>
<td>72%</td>
<td></td>
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<tr>
<td>50% OF POPULATION USING E-GOVERNMENT</td>
<td></td>
<td></td>
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<tr>
<td>25% OF POPULATION USING E-GOVERNMENT AND RETURNING FORMS</td>
<td></td>
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<tr>
<td>BROADBAND COVERAGE FOR ALL</td>
<td>100%</td>
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*R&D: Research & Development

Source: European Commission, Digital Agenda Scoreboard 2014
NGA* covers 62% of households in the EU and 68% in Sweden. In rural areas 18% of households are covered in the EU, ...and only 8.9% in Sweden.

*Next Generation Access (NGA): VDSL, Cable Docsis 3.0 and FTTP. Source: IHS and VVA
About 27% of EU fixed Broadband subscriptions are NGA. The share is 58% in Sweden.

Source: Communications Committee

NGA subscriptions
(percentage of fixed Broadband subscriptions, January 2014)

Including FTTH, FTTB, VDSL, Cable Docsis 3.0 and other NGA
Part 2

EU policies and the way forward
How will the BB targets be met?

• Because of its strategic importance, the EU is supporting the upgrade and deployment of new broadband networks in several ways:
  • Regulatory initiatives;
  • Financial support
"Connected Continent" - vision

- Contribute to the **single market** based on freedoms of providers and consumers to act across borders, leading to **gradual market integration** (e.g. roaming)
- Maintain market regulation based on **competition principles**
- Safeguard **open Internet** (Net neutrality), leaving space for innovation
- **Minimal governance changes** to ensure collaborative, strategic European approach
The planned legislative measure

**Single consumer space**
- Harmonised end-user rights and easier switching
- Open Internet: net neutrality
- Phasing out roaming

**European inputs for high-speed broadband**
- Wireless: spectrum coordination; facilitating small cells
- Fixed: European virtual access products
Cost reduction Directive

Rolling out high-speed communication networks is expensive and cumbersome

- Up to 80% of the costs are linked to civil engineering
- These costs are unnecessarily high due to the presence of various bottlenecks and economic inefficiencies.
- As a result: grey and white areas often too expensive to cover.

- Civil Works & Physical infrastructure
- Deployment of high-speed broadband networks
- By any provider of public communications networks

Reduce costs of bb rollout by 20 to 30% and exploit synergies across sectors (energy, water, transport)
Public financing

• Where the market cannot deliver, local, regional, and national authorities will have to close the financing gap.

• Main financing instruments (2014 – 2020):
  • Connecting Europe Facility (CEF): EU support by means of financial instruments
    -> demonstration value (project bonds)
  • European Structural and Investment Funds
    -> an investment priority?
Part 3

What's next?
The Juncker Commission

- The Digital Single Market and Digital Infrastructure are among the top priorities
- Reflected in a new structure:
  - Günther H. Oettinger: Digital economy & society
  - Andrus Ansip: VP in charge of digital single market
  - Jyrki Katainen: VP in charge of jobs, growth, investment and competitiveness – €300 Billion package of public and private investments over 3 years
Bottom-up Pipeline?
The Connected Communities Initiative

- Objective: help local communities prepare projects with Technical Assessment
- Connected Communities is a pre-screening exercise to detect potential projects for CEF
High-Speed Broadband investment guide

• New version (22/09/2014) updates the guidelines published in 2011.
• Aims to help local, regional and national authorities to develop long-term broadband development plans, advises regarding the tools and methodologies.
State-Aid Guide

- Broadband investments included into 'de minimis' rule. Granting of “small” amounts of support for your broadband project is exempted from the notification obligation.
- 'De minimis' rule applies when the total amount of grants for the same eligible costs over any period of three fiscal years does not exceed EUR 200,000 per beneficiary.
High Speed Broadband

Tomorrow’s digital services – from connected TV to cloud computing and e-Health – increasingly rely on fast, effective broadband connections. 10% increase in broadband penetration brings up the GDP by 1-1.5%.

- Provides information by country on: broadband strategies and policies, state of broadband development, broadband financial instruments, public authorities and bodies responsible for broadband
- Show case for best practices by country,
Broadband Europe: aggregation point for broadband stakeholders in the EU
Thank you