

# **“New Developments in EU Broadband Policy in context of the economic recovery”**

**EUROPEAN REGIONS FOR BETTER ICT CONNECTIONS**

**Broadband and EU action in the recovery plan**

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Lingotto Conferente Mentre

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- **Access to an affordable high speed broadband infrastructure** fundamental element for individuals, enterprises and governments at all levels
- **Broadband is key** to maintaining social contacts, cultural and political participation, finding jobs, learning skills, accessing information, accessing markets, product and service innovation, increase efficiency, etc.
- ICT accounts for half the EU **productivity growth**: (broadband development could create 1 million jobs in Europe to 2015 and extra growth of €850bn)



# Broadband internet: A paradigm change

- **Strong indications that internet will have a much greater effect than the invention of the printing press or the building of the railways have had in modern societies.**
- **Interactive, two way communication of internet has the potentials to engender a paradigm shift in the distribution of power between all socio-economic actors (enterprises, institutions, organisations and individuals).**
- **Old paradigm: each actor played a different role**
- **New paradigm: each "node" of the network (each actor) is "empowered" and can carry out different roles at the same time**



# The New Paradigm

- **Broadband internet provides the opportunity for empowered users to be:**
- **buyers and sellers,**
- **consumers and producers,**
- **receivers and provider of information**
- **creators and beneficiary of knowledge and innovation**
- **It can turn passive voters into a proactive citizens constantly intervening into the political process,**
- **It can turn any individual into a potential public figure (particularly through blogging and social networks)**
- **for any individual including a politician to address the public without depending solely on the traditional communication methods (as evident in the Obama's election)**



# Some of the consequences of the paradigm change

- **The mixture of the roles among the socio-economic actors is having big consequences for all institutions, organisation and entities that have so far carried monopolised certain activities:**
- **Eg: enterprises (as the sole/main providers of both products and services)**
- **The new empowered users/individuals can either strengthen or undermine the stability of entities that have so far “mediated” the relationship between individuals:**
- **Eg: newspapers, television, political parties, trade unions, governments and institutions at all levels, etc.**
- **All these actors will need to redefine their roles either in cooperation or in competition with all other nodes (individual users, governments and institutions at all levels or public/private organisations).**



- **Individuals are moving from the traditional media to internet**
- **Internet is a powerful engine of innovation, an enormous market square, a interactive political forum, a vibrant social network: it is the place to be!**
- **Advertisers have already understood this process**
- **the economic crisis is causing the decrease in investment in advertising in all areas except for internet**
- **This is bound to have profound consequences for all businesses who traditionally live on advertising revenue (eg: newspapers and television networks).**
- **Broadband internet is shaping as critical infrastructure sustaining this change.**



# Who are the stakeholders of broadband internet?

- **As user/consumer of internet-based services any individual is a potential stakeholder**
- **but also in terms of the funding of internet infrastructure the number of stakeholder is much greater than before**
- **Technological convergence has contribute to this increase: from traditional operators to new entrants of different technological platforms (satellite, mobile, wireless etc.)**
- **but also among broadcasters, content providers and distributors (search engines),**
- **public utilities (energy, transport, water companies)**
- **public authorities interested in the welfare of their citizens/territory**
- **Or groups of individuals (through demand aggregation and self-registration schemes) interested in the welfare of their families/communities.**



- **Public authorities and individuals in some MS (FI, SE, FR) look at broadband as a long term investment similar to that of a house or the education of children**
- **In some Scandinavian countries households are ready to spend between 1500 and 3000 euro in private scheme providing fibre-based connections in small/remote communities**
- **a model that is now spreading not only in rural areas but also in small-to mid-sized towns (eg: Neunen in the Netherlands).**



- **Public authorities can help to create a level playing field among all operators and reduce risk of investment in upgrading broadband infrastructure and in NGN by:**
- **routinely investing in civil engineering and passive broadband infrastructure (while carrying out civil work to build or maintain water, transport or energy infrastructures)**
- **Investing in passive infrastructure avoids the duplication of work, reduce cost of investment while minimising disruption (linked to civil engineering work).**
- **Encouraging the sharing of broadband infrastructure and facilities.**
- **Facilitating access to ducts and grant rights of ways**
- **The PA needs to ensure an open transparent access to this infrastructure to enable a more effective and efficient competition among all interested operators.**
- **State aid review will assess the compatibility with current regulation**



# Is a time of crisis a time to invest in broadband?

- **All big upheavals in history have often brought about a profound change in the socio-economic, cultural and political contexts.**
- **Invest all energies in trying to protect our current ways of doing business, social and political interaction will not enable us to adapt to the new circumstances**
- **following the objectives, using the tools and criteria to understand the world before the rapid changes brought about by internet and accelerated by the economic crises will not enable us to understand where we should go now.**
- **We need to invest in our future, not only protect what we cherish from the past;**
- **Recovery will start much earlier for those who now invest in innovation and change**
- **Internet is at the centre of this innovation and change**
- **Those who fail to invest and exploit internet risk to fail to adapt to the new world when recovery will start**



- **Europe needs to restructure its economy now**
  - To be strong in the high-speed and low-carbon post-crisis economy.
- **Europe world leader in broadband take-up:**
  - **July 2008 penetration rate 21.7%**  
Denmark, The Netherlands, Sweden and Finland among world leaders

But:

- **Large gaps between Member states and between regions:**
  - **Income, PC ownership, digital literacy, education, demographics, personal attitudes, cultural differences**
- **Europe is falling behind on high speed broadband**
  - P2P, Social Networks, IPTV, etc
- **Coverage of rural areas not complete**
  - **Average EU Member State coverage 93%.**  
**30% of rural population no high speed internet**



- **June 2008, Council calls on Member States to *define ambitious targets for broadband penetration at the national level, to:***
  - *reach an EU average broadband penetration of 30%*
  - *and national penetration level of at least 15% by 2010*
- **November 2008 the Commission proposes the *Economic Recovery plan:***
  - € 5 bn for trans-European energy interconnections and broadband infrastructure projects
  - **Commission, Member States and stakeholders to develop a** broadband strategy
  - **focus on under-served and high cost areas where the market does not deliver.**
  - **The aim:**
    - **reach 100% coverage of high speed internet by 2010.**
    - **upgrade existing infrastructure**
    - **promote competitive investments in fibre networks**
    - **endorse the Commission's proposals to free up spectrum for wireless broadband.**
- **March 19-20: European Council approves recovery plan: 1.02 Billion on broadband and CAP health-check with flexibility between the two strands.**





# How the fund from recovery plan will reach rural areas



- **Money into the Rural Development Programmes**, managed by rural development managing authorities.
- **RD authorities will choose** the **split** between the part of fund on BB and the part on Health Check
- **Deadline 15 July 2009 to Modify Rural Development Programmes:** identify projects and expenditure for 2009
- **State Aid:**
  - All projects will require notification and approval under state aid rules
  - January 2009: Public consultation on "Simplified procedure for the treatment of certain types of State aid"
- **Allocation of funds:** on the basis of the current distribution for the European Agricultural Fund for Rural Development.
- **Cofinancing rate:**
  - 90% in Convergence regions
  - 75% in non-Convergence regions
  - If agreed by the Council, additional co-financing of 10% in 2009 to promote the economic recovery in Member States



# Type of Broadband Measures that can be financed under RD

- **Creation of new broadband infrastructure:** including backhaul facilities (e.g. fixed, terrestrial wireless, satellite-based or combination of technologies). include financing of all necessary civil work (including buildings, ducts and masts); relevant software systems and technical equipment necessary to deploy an open communication infrastructure
- **Upgrade of existing broadband infrastructure:** civil work, software systems and technical equipment for the replacement or upgrade of last mile connection, digitisation of the local switches, LAN network, or backhaul to more centralised point of presence of backbone
- **Laying down passive broadband infrastructure** (e.g.: civil engineering works such as ducts, and other network elements such as dark fibre, etc.) also in synergy with other infrastructures (energy, transport, water, sewerage networks etc.).

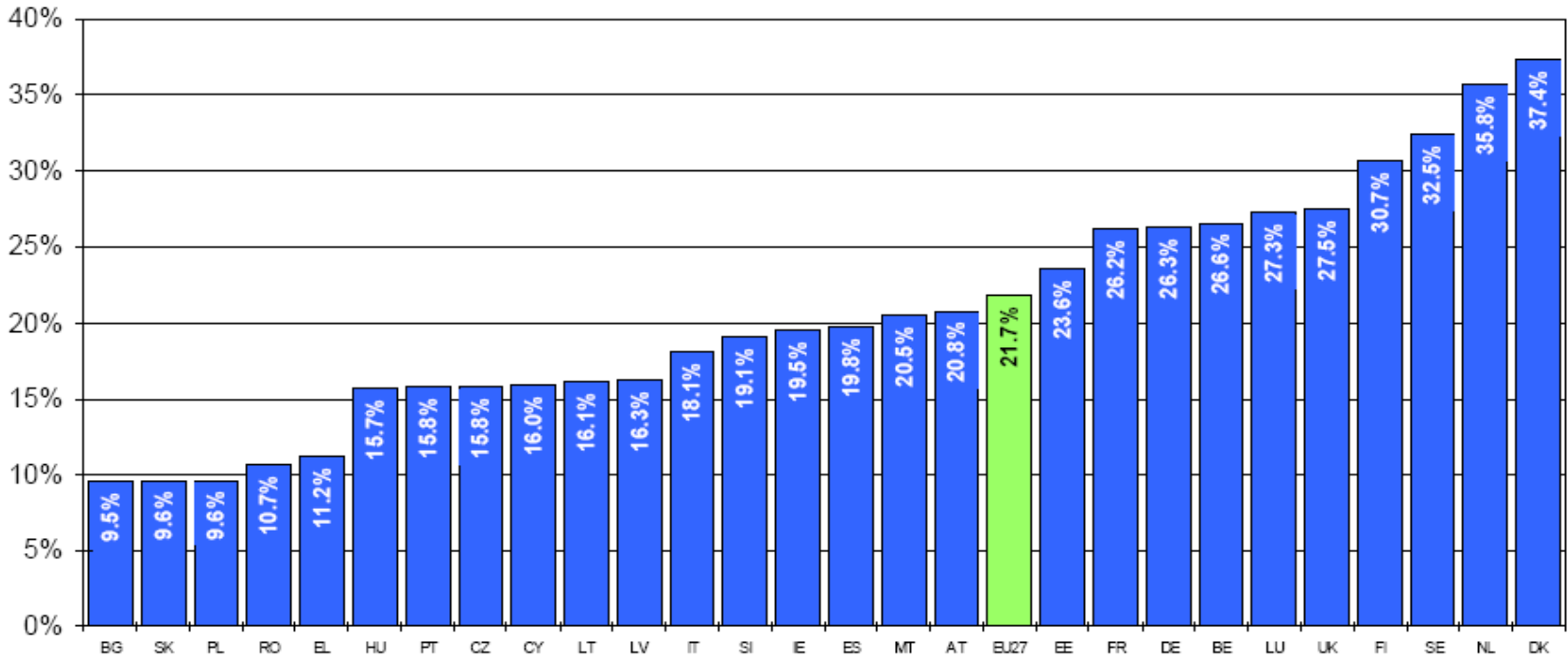




# EU Broadband Penetration Rate January 2008

EU penetration average: 21.7%

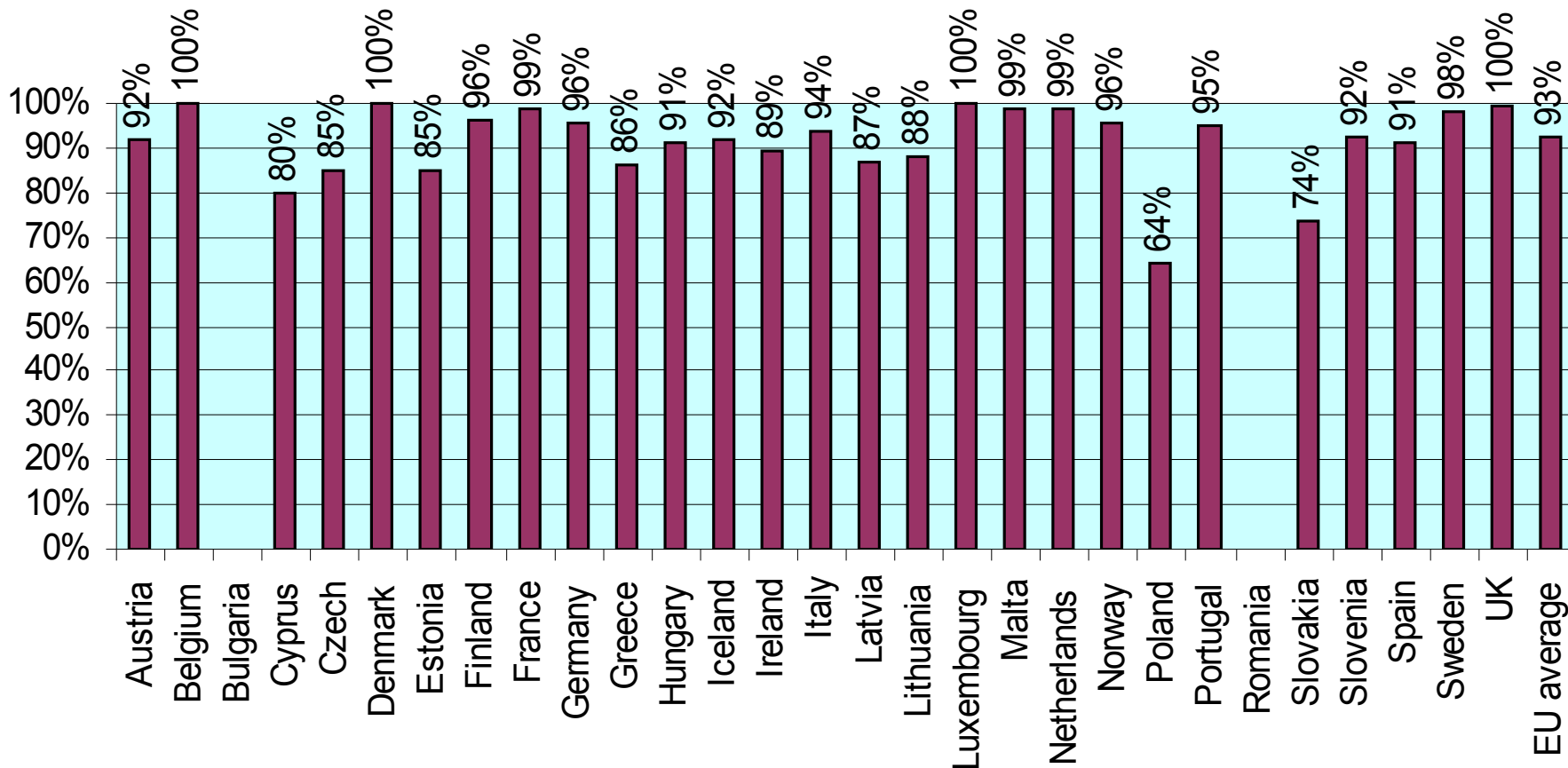
EU Broadband penetration rate (July 2008)





# DSL Coverage as % population December 2007

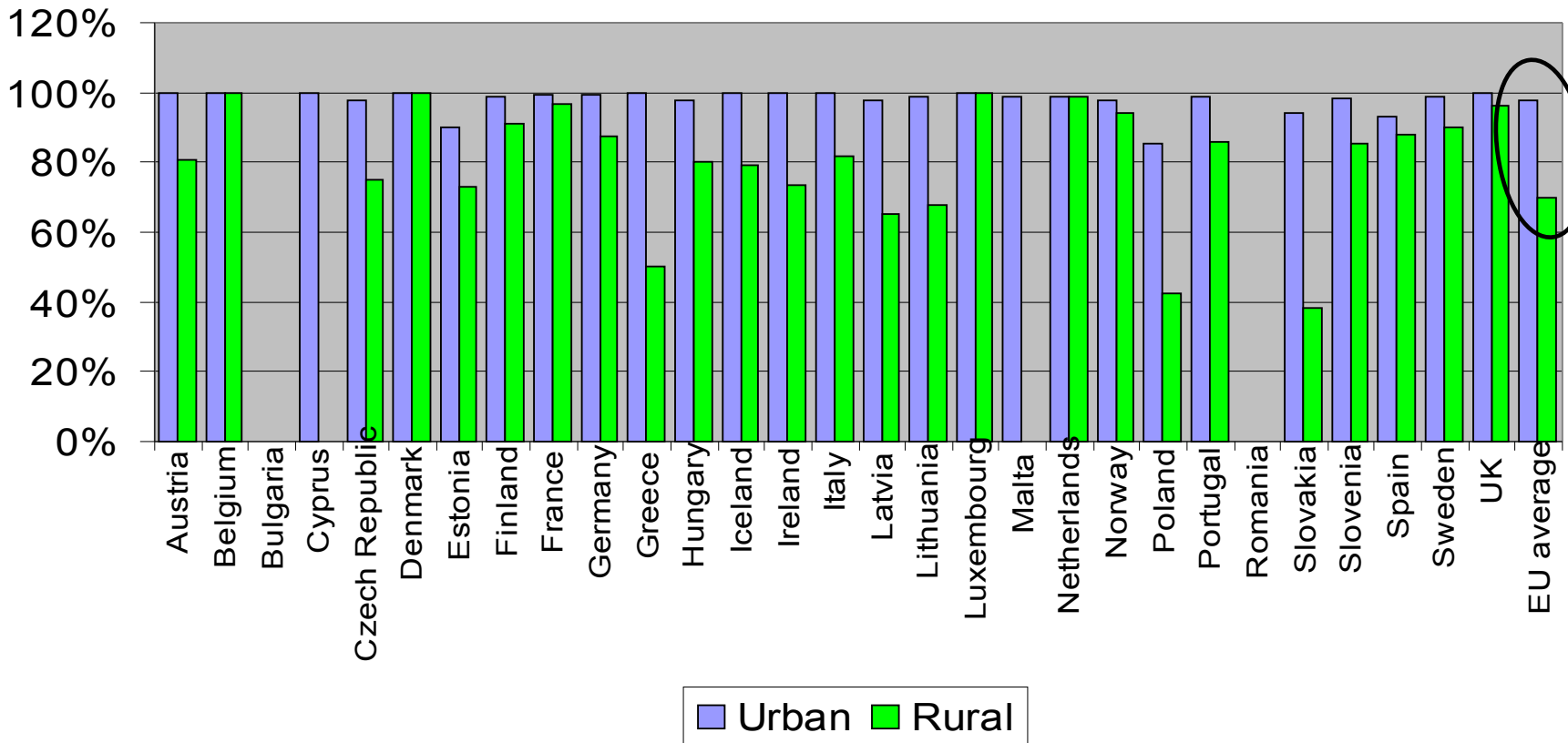
## Broadband Coverage: Member States and EU averages





# Urban-Rural Gap

## Broadband Coverage Urban V Rural (Dec 2007)



# What is broadband internet today?

- **Is broadband internet a powerful telecom service that individuals and organisations need to be more efficient and effective in the running of their lives and business?**
- **Or is broadband internet a fundamental right of an individual enabling him/her to exercise his/her basic freedoms?**
  - freedom to access first class education and health, and other services
  - freedom to participate to social, cultural and political dialogue,
  - freedom of information and of expression
- **Which vision should guide the development of an EU internet strategy?**



## Policy:

- **May-June Public consultation on post i2010 initiative**
- **November 2009: i2010 event In Sweden**
- **Within 2009: new EU Broadband strategy**

## Further information

- **i2010:**  
[http://europa.eu.int/information\\_society/europe/i2010/i](http://europa.eu.int/information_society/europe/i2010/i)
- **Digital Divide:**  
[http://europa.eu.int/information\\_society/europe/i2010/d](http://europa.eu.int/information_society/europe/i2010/d)
- **European Broadband Portal:**  
[http://www.broadband-europe.eu/ \)](http://www.broadband-europe.eu/)

