VATM position on the European elections
Heading towards a European digital future

Europe is in crisis. The political extremes are gaining popularity in EU member states. This is a clear signal to politics, both national and European: citizens must be shown that Europe and politics are capable of solving complex problems efficiently and at the same time are not detached from the reality of the majority of citizens. However, the EU should not be driven by populism either - because it is not possible to communicate complex problems to disinterested citizens.

Not an easy matter. While European regulations, such as the Roaming Regulation and the Intra-EU Calls Regulation, will bring benefits to parts of the European population, they will probably not have the desired effect on political disenchantment or EU fatigue.

It is much more important to change structures. The institutional machinery of the EU is highly complex, so it is all the more important that Council decisions in particular are presented more transparently. In this way, Europe could prevent member states from continuing to portray Brussels as the scapegoat in domestic politics - often also in order to hide their own failures.

The 2019 election is a very important election, not only for the political future of Europe. In the field of digital policy, too, we are on the verge of setting a decisive course. Either Europe lags behind the current global leaders - of course, markets such as the US and state-owned economies such as China are not desirable visions - or a bold and comprehensive future strategy will be developed to enable Europe, its citizens and its businesses to make good use of the diversity and "skills" of the individual Member States. We need to rely on the strength of the common economic space instead of continuing to get bogged down in bureaucracy. Courageous decisions are urgently needed in the coming years in order to regain a leading role in the global context. These include regulation in the right places, uniform, clear and simple rules and a "digital" social policy that also relies on digital education and skills.
Now more than ever, we need strategic investment and political vision to provide a European response to the challenges of the digital world in the near future. Otherwise, the rules for the economy and society may be made in the USA or Asia. Steadfastness has led to stability and prosperity in Europe. The EU must ensure that there will continue to be a reliable regulatory and institutional framework, such as already exists in competition law. The European elections in May 2019 are of great importance in order to safeguard the legitimate interests and positions of German telecommunications companies, to define clear strategic goals and to create economic scope for fair competition.

The VATM has summarised the central positions of the industry for the future Members of the European Parliament in the following six key messages:

1. Push ahead with liberalisation – enabling Gigabit faster through competition
2. Prevent the digital divide between urban and rural areas - use funding efficiently
3. Fair rules for an open market - the basis for innovative capacity
4. Act in a pioneering way for the European economy - not size, but innovation counts
5. Strengthen data security - few but clear rules
6. Targeted support for small and medium-sized enterprises (SMEs) and business customer service providers - services will be the drivers of digitalisation

1. **Push ahead with liberalisation – enabling Gigabit faster through competition**

   The European Union is a strong anchor for the European economy, especially for the telecommunications market. The liberalisation begun in the 1990s must be continued. The former monopolies, which are still recognisable, must continue to be replaced by stronger competition. Until Europe's telecoms markets are used by many strong players, there must continue to be regulatory requirements for the SMP-designated player(s). And it is precisely when switching to gigabit fixed networks that industry, banks, insurance companies and small and medium-sized enterprises are all firmly assuming that the new technology will not be accompanied by any restrictions on the level of competition already achieved and that their highly specialised service providers will continue to have access to the networks.

   Europe must be seen as an overall market in which gradual and far-reaching harmonisation is taking place. However, expanding and service-providing companies often operate
differently from one country to another, which makes differentiated regulation necessary. Ex ante regulation must be maintained, such as the existing access regulation of dominant market players (Open Access), as long as competition law cannot efficiently prevent market distortion and ex post control is not sufficient.

Competition contributes significantly to high-quality services and reasonable prices - this is the lesson of the last almost three decades of liberalised telecommunications markets in Europe.

The EECC ratified in December 2018 is an important step in this direction. Decisive, however, will be the national implementation. In the "7-point paper with core requirements for the implementation of the EECC", the VATM identifies positions that are particularly important for investments and functioning competition.

The experience of the last decades has also shown that especially in rural regions the costs of expansion can be higher than self-sustaining business models can finance. For this reason, targeted funding concepts must be implemented that benefit as many companies and citizens as possible in such areas and do not impede their own economic development. In the following we present such a funding concept.

2. Prevent the digital divide between urban and rural areas - use funding efficiently

A high-performance digital infrastructure must also be created in rural areas to ensure that the services and jobs of a digitalised economy are created, and jobs safeguarded. Extensive area coverage is and remains cost-intensive and ties up a considerable amount of construction capacity in particularly remote areas. Here, honest concepts must be found that also, and especially in rural areas, prevent the threatening misallocation of construction capacities. Especially where support is necessary, areas must first be developed where most businesses and citizens benefit from investment and support. We must not give priority to sending diggers into the forest. We are not talking about lucrative areas here that can be developed economically, but about regions that cannot be developed without funding. Efficiency must be ensured, particularly in such expensive areas, and therefore a clear prioritisation must be given as to how and where funds - and hence citizens' money - are to be used. Funding methods that are adapted to different national situations are more promising than generalised approaches.
Objectives are defined EU-wide, but a corresponding strategy for implementation must take place at national level. In the German context, there must be a four-year investment protection period for existing infrastructure, which generally provides customers with 100 Mbit/s and more, which must not be equated with a rigid 100 Mbit/s threshold within the framework of funding. The VATM proposal avoids further fragmentation of the market, achieves uniform synergetic expansion in municipalities and simultaneously structures and accelerates expansion where necessary.

In order to promote infrastructure expansion and make the potential of gigabit networks available to citizens and companies alike, we strongly recommend a voucher model - similar to existing models in Sweden, Great Britain and Greece, but much more effective.

Conventional support from the provider side only for expansion can thus be usefully supplemented in Germany. More details can be found in the VATM proposal, "From Megabit to Gigabit - how vouchers help in switching to FTTH/B".

3. Fair rules for an open market - the basis for innovative capacity

The digitalisation of Europe goes hand in hand with the use of digital services offered to citizens and businesses. Networks are a prerequisite for the emergence and delivery of innovative digital services. Access to the Internet, mere connectivity, as formulated as an objective by the EU Commission, is not sufficient for complex, security-relevant services with the highest quality requirements. Network-related control elements can be elementary for industry, large companies and chain stores, as well as for SMEs and their service providers in the telecommunications sector.

The networks are the enablers of digitalisation and the competition of the most innovative or secure services on the networks will become of central importance for the German economy in international competition. Open Access, fair access for market participants at fair prices, will therefore continue to be indispensable in the future.

In addition, the EU and national governments can play a decisive role in stimulating innovation. Their room for manoeuvre is dramatically underestimated when it comes to creating new services. Industry can and will provide immediate support if digitalisation is finally driven forward seriously and above all rapidly by the state - to the great benefit of citizens, companies and ultimately the state. By simplifying procedures and introducing
Europe-wide norms and standards for digital administration and eGovernment, the public sector can set not only important impulses but also concrete goals for digitalisation, point the way ahead and set a good example. This is not only about increasing efficiency in the public sector, but also - thanks to a new technical basis and digital data - about developing new services for citizens and companies, as well as for the state itself.

Additional support for companies and an incentive for innovation can be tax incentives for innovative and target-oriented projects. The definition of different objective criteria, such as the contribution to the achievement of European digital objectives, would qualify company projects for tax relief.

4. Act in a pioneering way for the European economy - not size, but innovation counts
Terms such as "Internet of Things", "Big Data", "Artificial Intelligence" and "Virtual & Augmented Reality" also define the future of the telecommunications sector. Companies must think innovatively and be supported by the legal framework, not slowed down by it. We see two elements as indispensable:

First, we need a level playing field with companies that are pushing into the local market, often have no European origin and are treated differently from a regulatory point of view, even though they are currently in direct competition with telecommunications companies. In the age of the "sharing economy", regulatory impulses must be set here - to the advantage of European companies, so that in future European business models based on data can also be created.

Second, sufficient funds must be made available for research, education and the promotion of a European strategy for the future that deals with, for instance, China's existing plans. The EU Commission's AI Alliance is a first step in the right direction. Further initiatives must follow - together with the European economy - in order to set the right impulses for the coming decade.

The services of the 21st century will undoubtedly be characterised by personalisation. This will be made possible by AI and algorithms as well as by those who collect, evaluate and use the available data. It is imperative to have a clear legal framework for the use of personal data that limits the risks but does not stifle the opportunities.
The services of the future are the product of a long chain of innovation and investment. They are not very predictable in detail, but their foundations are clearly recognizable, which the state can take into account and support - from networks to AI.

It is very important to have a long-term digital strategy that takes account of changes in social structures. Education and information for the younger generations must take this change into account much more than it does today. This is very difficult for us. Although young people live in the digital world and use it commercially and communicatively as "end customers", fewer and fewer people see through this complex world. Digitalisation must not lead to manipulability. Europe's future depends on the skills of future generations. Programming, coding, designing, conceiving and networked thinking are the digital "skills" for many professions of the future. But these are hardly adequately taught in our current education system. Educational work on the dangers of the digital world and its potential must go hand in hand.

5. Strengthen data security - few but clear rules

In recent years, the number of hacker attacks has increased in European Member States, most recently in Germany. Whether personal data on the Internet is actually secure is increasingly worrying citizens across Europe.

Telecom operators store a lot of personal data and have been able to secure it well so far. However, the volume of personal data is shifting more and more away from traditional telecommunications service providers towards OTTs. This is where the EU must show its strength. Those who have to secure such data need reliable and unambiguous guidelines. As long as there are no clear rules for securing data, the resulting uncertainty will harm European businesses and citizens alike. What is needed is a harmonised approach - only uniform and Europe-wide rules can provide the solution.

The ePrivacy proposal addresses this problem, but the danger of over-regulation is great. This would primarily harm companies, and secondly end users, if innovations in the European telecommunications industry were to be made significantly more difficult as a result. We call on the EU institutions to revise the existing proposal.
Other legislative proposals, such as eEvidence and the ENISA Regulation, are also fundamentally important. But here, too, they must not be allowed to become a brake on innovation as a result of complex regulations.

6. **Targeted support for small and medium-sized enterprises (SMEs) and business customer service providers - services will be the drivers of digitalisation**

Smaller companies in particular often suffer from complex rules and regulations - compliance not only costs money, it slows down companies and can prevent the development of innovations. Legislative proposals such as eEvidence or ePrivacy in their present form represent a high additional burden, especially for smaller companies.

VATM supports the principles of these regulations, however, it must be clearly separated which tasks are taken over by the state and which by the enterprises. Particularly with regard to the challenges of digitalisation, we call on the EU and the governments of its member states to clear the way for companies, to reduce bureaucracy and to help companies strengthen their innovation capabilities and drive the economy forward.

To support SMEs, calls for tender can be conceived in a more open and simplified way, applications can be processed faster, selection procedures can be organised better and more transparently, and the administrative burden on companies can be significantly reduced.

*In general, the VATM calls on legislators to take more account of SMEs, to reduce bureaucracy and to examine new regulations more closely for their feasibility and their impact on SMEs.*

Brussels, 2nd of April 2019