



Opening remarks by Commissioner Gabriel at the FT-ETNO Summit 2018: Strengthening Europe's Digital leadership

Brussels, 15 October 2018

Ladies and Gentlemen

It is my pleasure to be with you today and to participate for the second time in this unique moment of the telecommunication year in Brussels.

I would like to thank ETNO for having again organised this event and for the timely and relevant choice of the theme: the issue of digital leadership has never been so central for our common future in Europe.

As you all know, the digital shift comes with a massive redistribution of cards, changing the established order on both the economical and societal points of view, with new winners and new losers, among people, companies and countries.

Europe is no exception and we are clearly under pressure to deliver collectively in order to keep the pace of digital change.

Ladies and Gentlemen,

Leadership starts with a lucid look at where we are.

The reality is that EU's digital leadership is not fully achieved: on the global digital map, we are still not at the place, which we are aiming at. Of course, Europe has a strong position in many industrial sectors, such as photonic or robotics and its performance in connectivity is globally satisfactory. But we are still underinvesting in new technologies and are lacking European digital world-class online players. In this end, leadership will not come by chance. It will depend on today's decisions and today's action.

Adopting a helicopter view, we are facing three major challenges

First challenge, the **creation of a level-playing field and of the conditions for fair competition** enabling each actor, small or big to compete. The Rockefeller or Standard Oil from the old times have been replaced by powerful online companies, which are sometimes using their market power to undermine competition. The rise of online platforms and the use of data will remain a serious challenge for public policies during the decade to come.

Second challenge, **the need to adapt to digital times** and in particular to **renew our social contract**. We are all witnessing the rise of criticism amongst people affected by globalisation, fearing for their future and for the future of their children. Be aware, this is not just a social issue: no business will flourish without a social consensus between all actors, on how to share benefits and insure risks. It should be a priority for all of us.

Third challenge, the need to **invest massively in human capital, research and development**. Being at the periphery of the global digital economy is not an option for the EU. But today, the centre of gravity of the digitizing world stands on the other side of the Atlantic, and now increasingly in China. Knee-jerk reactions will not be enough to meet this challenge: as we all know, US's leadership is deep rooted in political decisions taken since the 60's to stay at the technological frontier, if necessary with huge investments such as DARPA or programmes such as Apollo.

Global leadership on digital: the Digital Single Market

The good news is that we have started to answer these challenges in the EU since 2015, with the establishment of our digital single market.

In the last four years, we have put forward more than 60 initiatives aiming at protecting European citizens, with a focus on competitiveness, innovation and fundamental values. This is certainly the most comprehensive and ambitious attempt to drive a continent to the digital age.

The Digital Single Market is already a reality with portability of content, end of roaming surcharges, end of unjustified geo-blocking, and protection of personal data. In doing this, the EU has become a world leader for digital regulation and an example for our partners who are sharing our values.

The digitalisation of our industry is also an essential focus of the DSM. We are building on our

numerous industrial assets, our know-how and our worldwide reputation of quality and innovation. Among recent success, the decision to invest collectively in high performance computing based on European technology is a real breakthrough which will irrigate the whole European economy.

Ladies and Gentlemen,

Building a gigabit society

Let me come to a dimension of the Digital Single Market, which, I know, is close to our hearts: connectivity.

To serve both citizens and business, top-notch infrastructures are essential and are at the centre of the DSM: no service, no digitalisation of our society will be possible without high-speed, secure and intelligent connectivity.

You know in detail the numerous actions that we are taking within the Digital Single Market to foster the development of high-speed networks through private and public investment.

But these infrastructures do not only need to be fast, they also need to be **safe and intelligent**.

Cybersecurity is the *sine qua non* condition for trust online and for the development of online business. Our digitalisation will depend on transforming our ability to protect the EU against cyber threats. With the cybersecurity package, we are precisely enabling our ecosystems to be more resilient with better certification and a more efficient ENISA.

Intelligence will also be embedded in future infrastructures and the EU needs clearly to intensify its efforts on artificial intelligence, a domain where we are still lagging behind as compared with China and the US. For this to happen, we need to have a much intense collective discussion about AI. The first version of the ethics guidelines of the high-level expert group that we created earlier this year will be published for an online public consultation by the end of the year. I call on all of you to participate! It is very important that the experts hear from industry, about your expectations and needs when it comes to AI.

The importance of the new telecom Code

The telecom Code agreed last June is of course central in our attempt to equip the EU with the best communication infrastructures.

Let's take the time to pause on it.

First of all, it is one year, since I took the floor at the 2017 edition of the FT ETNO summit, when negotiations for a new Code were entering their final stage and I remember the passionate discussions we had by then. Fully satisfied or not, we can recognise that the new code is in line with our initial endeavour: to ensure both a pro-competitive and pro-investment environment.

During all this time of preparation and negotiation, we have been listening very carefully to what all of you said and your valuable input has been essential to find a bold and balanced outcome.

One of the key messages we received from you and other market actors, including financial institutions, was to increase predictability in order to foster investment.

My hope is that we have delivered investment certainty and smart regulation. On spectrum, the code ensures 20 years of investment predictability with a clear timetable for availability of pioneer bands by the end of 2020, under the same conditions all over Europe. Certainty is also set in stone for the development of small cells, an absolute necessity to pave the way for 5G and WIFI development. Finally, we have adopted procedures capable of exercising peer pressure, to avoid wrong decisions, which can cost millions.

We also have also delivered provisions for lighter regulation for those who co-invest in very-high capacity networks in the form of clear conditions, with a safeguard role for the Commission and BEREC. The Code gives a clear signal to operators of different sizes to seek meaningful co-operations and ramp-up investment. In addition, where business models emerge that do not present the usual risks for competition, regulation takes a step back: this is the case for wholesale-only operators, which have already started to show their commitment and potential in boosting fibre network deployment.

Finally, Europe can take pride in the fact that citizens are at the centre of its policies. The objectives within the Union are clear, they are high-speed connectivity, affordability, and security for end-users, allow me insist and say ALL end-users, in line with universal rights precepts.

The Code will also greatly benefit to our citizens including those inhabiting rural areas who will benefit from better connectivity. Citizens will have access to affordable communications services, including universally available internet access, for services such as e-government, online banking or video calls. Consumers will also be able to make international calls to other EU countries for 19 cents a minute maximum. I know what your concerns were on this file. However, as for roaming, the capping of

international calls can be a success benefiting every actor on the long term.

Next step to ensure that the Code will be a success

Now, after 5 years of policy reflection and negotiation, it is time to act!

The reality is that the final success of the code is still not written: it will depend on the commitment of all actors: Member states, regulators, operators and the Commission.

On our side, we will deliver the necessary implementing and delegated acts such as the single mobile voice termination rate. I take responsibility for the fact that our work will be done in a transparent manner, valuing your input.

Our cooperation to make the code a success will imply a multitude of players, from Member States, Regulation authorities, to European organisations. Member states' will have a central role with the transposition of the directive, the appointment of competent authorities and the delivery of effective peer reviews. National Regulation authorities will play a key role with the analysing of their national markets and the selection of the most appropriate regulatory tools from the toolset that the Code provides. BEREC will ensure consistency at European level, notably through guidelines on a number of important provisions of the Code, including the provisions on co-investments and on symmetric regulation.

Finally, nothing will be possible without your commitment. We expect operators to explore co-investments schemes as early as possible; there is no need to wait for the rules to become applicable. This is now the time to design, to negotiate, to prepare.

In 2020 the ball must be already rolling.

This broad and intense cooperation will be critical to forge concrete change within the EU and also to develop EU's soft-power outside of the EU.

In this respect, the current collective work to support the digitalisation of Western Balkan is both a sandbox and an example on how we can move forward with common goals and pragmatic solutions.

As you know, the European Commission presented in February its Strategy for the Western Balkans. One of the important elements of this strategy focuses on digital: the Digital Agenda for the region, which we launched last June in Sofia.

I have chosen to be pragmatic and flexible, when it comes to the subjects of intensified cooperation. The reduction of roaming tariffs ranks high in this regional agenda. Our role is simple; we share the inspiration and act as catalyser, up to partners in the region to agree on how to further reduce these tariffs. I take pride in the fact that there is already a regional roaming agreement between four partners, all the more as the debate continues on how to extend benefits to all citizens in the region.

A balanced and ambitious approach

Ladies and Gentlemen,

Now that it is time to conclude I would like to come back to the issue of leadership.

Today, even more than yesterday, leadership is an endless frontier: it requires constant efforts for those who want to stay in the race. Established positions are far less protected than in the past and those who have read the book "the End of power" of Moises Naim" know that in the XXIth century, any power is more fragile than ever.

This is why we have no time and no parcel of energy to loose: we must now look forward! The technological revolution will not wait for us and the global competition is fierce for achieving digital leadership.

As the representatives of major organisations for a strategic sector, you bear a special responsibility, and I count on you to use all your energy and creativity to help us delivering on our DSM agenda, which is both bold and pragmatic.

Beyond the implementation of the code, I am also thinking on the e-privacy directive. We need to finalise it. It can provide a win-win success with a high level of protection for consumers while allowing businesses to innovate with more opportunities to use data and provide additional services.

I regret not being able to stay to hear your discussion and I thank you for your attention and wish you fruitful exchanges. Let build this digital leadership together!